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UNIVERSITY OF ALBERTA

The Impact of Globalization on Québec: Toward a Rapprochement Between Business and Labour

BY

Sylvain Côté

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A thesis submitted to the Faculty of Graduate Studies and Research in partial fulfilment of the requirements for the degree of Master of Arts.

DEPARTMENT OF POLITICAL SCIENCE

Edmonton, Alberta
Spring 1993

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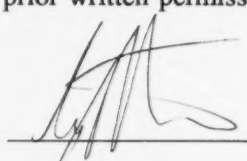

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Associate Professor Gordon Laxer

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ABSTRACT

This paper argues that a *rapprochement* between business and labour has occurred recently in Québec. This *rapprochement* is built on a variant of the liberal corporatist model as seen in countries such as Switzerland, Belgium and, to a certain extent Germany. It demonstrates particularly the importance of the international economy as a crucial variable in explaining this development in Québec.

Several academics have recently analyzed the behaviour of economic actors in Québec. Some have suggested that a consensus is developing between labour and business. Others, on the contrary, have argued that three competing visions still exist at the present time. While there are different approaches and explanations offered by scholars looking at Québec's economy, they all seem to neglect the influence of the new realities of globalization on the behaviour of labour and business in Québec.

The globalization of the economy and the dependence of Québec's economy on external markets have contributed to put pressures on the province's economy. These developments, in turn, have amplified the pressures put on the major groups responsible for economic development within Québec society. The era of globalization has particularly altered the behaviour of labour. This study shows that Québec labour unions have recently modified their approach from confrontational to collaborative with business. This is explained by the fact that Québec labour has turned itself toward a new trade unionism that is more liberal in its orientation. It has as well embraced the new nationalism promoted by business and its discourse on economic policy. This discourse is characterized by the acceptance of the development of a highly skilled labour force, an efficient economy concentrated on high value-added sectors, cooperative relations between economic agents and industries, and a high level of unemployment. As a result, labour unions now accept high unemployment and subscribe to business' discourse of job quality over job quantity. This new nationalism also deems necessary that an important devolution of constitutional powers in the employment field to the province is imperative if Québec is to manage its economic dependence.

Therefore, this paper demonstrates the significance of the international economy as an important variable in discussing the Québec situation. Indeed, it suggests that the rapprochement between business and labour in Québec should be interpreted as being a reaction to changes in the global economy.

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ABBREVIATIONS

AFL:	American Federation of Labour
AIFQ:	Association de l'industrie forestière du Québec
AMQ:	Association des manufacturiers du Québec
CCF:	Commonwealth Co-operative Federation
CCQ:	Chambre de Commerce du Québec
CDE:	Centre des dirigeants d'entreprises
CEQ:	Centrale de l'enseignement du Québec
CIC:	Corporation générale des instituteurs et institutrices catholiques
CIO:	Congress of Industrial Organizations
CLC:	Canadian Labour Congress
COQ:	Conseil du patronat du Québec
CSD:	Confédération des syndicats démocratiques
CSN:	Centrale des syndicats nationaux
CSST:	Commission de la sécurité et de la santé au travail
CTCC:	Confédération des travailleurs catholiques du Canada
FPTQ:	Fédération provinciale du travail du Québec
FTQ:	Fédération des travailleurs et des travailleuses du Québec
FUIQ:	Fédération des unions industrielles du Québec
HEC:	École des hautes études commerciales
OPDQ:	Office de planification et de développement du Québec
PQ:	Parti Québécois

QSSP:	Québec Stock and Savings Plan
RÉA:	Régime épargne-action
SMB:	Small and medium businesses
TNE:	Table nationale sur l'emploi
UPA:	Union des producteurs agricoles

The new international economic order does not eliminate the legitimacy of the aspirations of nations to master their own development but obliges them to rethink their economic strategies and to show initiative.

Robert Bourassa[1]

---

[1] *Wall Street Journal*, "Québec Premier Explains Why His Province Wants Change," August 17, 1990, p. A11.

INTRODUCTION

> *One by one, the famous foreign models of collectivism in action have fallen from grace. The Soviet dream died a long time ago. The Swedish model has become the Swedish muddle. Even Japan is starting to look tatty*[2].

The economic goals of governments in capitalist democracies are more than ever constrained by the international economy. Changes in the global economy in the last two decades have most particularly put enormous pressures on traditional modes and models of collective action. Countries with a strong labour movement and a leftist tradition have retreated before the neo-liberal wave. Indeed, the Labour Party in Norway and the Social Democratic Party in Sweden have abandoned, in recent years, their commitment to full employment. As a result, unemployment has risen to levels not seen in a long time in these two countries. Even Germany, before unification, had slowly altered its approach from a full employment society to a high unemployment one. But most importantly, while the capacity of state institutions is an influential variable, it is itself affected and shaped by other pressures within the system. At the heart of these changes within the new international economy, societal re-alignment has emerged as a key factor. Under these pressures, relationships between labour and business seem to have shifted to the latter's advantage in many capitalist democracies. Québec does not escape this trend. Over the last two years, a consensus seems to be

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[2] *The Globe & Mail.* "The Decline of Quebec Inc." Editorial, October 18, 1991, p. A16.

developing which indicates the need to reassess the relationship between labour and business in Québec.

Several academics have recently analyzed the behaviour of economic actors in Québec. Some have suggested that a consensus is developing between labour and business. Others, on the contrary, have argued that three competing visions still exist at the present time.

In a recent article written in *Québec Studies*, Henry Milner argues that, in light of the Forum sur l'emploi held in November 1989, things are changing in the Québec political landscape. These changes, according to Milner, are indications that a consensus is definitely forming in Québec. Milner believes that Quebecers have now realized, as they have in constitutional matters, that in order to face their economic problems they must unite.

> *There is a clear parallel to be drawn between developments in the labour market, as manifested in the Forum sur l'emploi, and those on the constitutional front. In both arenas there has emerged a realization that the existing institutional structure cannot meet the demands placed upon it and that the required changes are impossible to achieve without the concerted efforts of the concerned organizations and groups*[3].

Further, based on the success of the 1989 Forum pour l'emploi, Milner believes that a consensus among trade unionists and business leaders is developing towards the goal of full employment[4].

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[3] Henry Milner, "Quebec in Retrospect: Beyond Political Nostalgia" in *Québec Studies*, No. 11, 1990/1991, p. 81.

[4] *Ibid.*, p. 80.

Others, such as Jean-Marc Piotte[5] and Carla Lipsig-Mummé[6], also agree that Québec labour has indeed shifted its behaviour from a confrontational to a collaborative one. They attribute this development exclusively to internal causes. According to their respective analyses, the recent shift of Québec labour from a confrontational to a collaborative approach in economic relations is strictly due to the culmination of important political defeats that the Québec labour movement has experienced in the last twenty years in the province as well as historical elements in their evolution. As a result of this weakness, the three unions have converged to embrace the conservative nationalism of the new Québec business elites.

Other political scientists have drawn different conclusions. According to Alain Noël, there is no consensus emerging in Québec[7]. Although all groups may agree in principle on matters such as the fight against unemployment, he maintains that they disagree on the important matters of implementation and the pursuit of these goals. Instead of agreement, he sees three competing visions in the province: the neo-liberal vision as sought by business groups, the full employment vision as embraced by labour unions, and a German-style neo-corporatist vision promoted by the main political parties. He concludes that there is a possibility that, in the coming years, a more or less liberal variant of the German model could develop in Québec.

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[5] Jean-Marc Piotte, "'Collabos' et heureux de l'être", *Le Devoir*, January 30, 1992, p. B8.

[6] Carla Lipsig-Mummé, "Future Conditional: Wars of Position in the Québec Labour Movement", *Studies in Political Economy 36*, Fall 1991, pp. 73-107.

[7] Alain Noël, "Politics in a High Unemployment Society" in A.G. Gagnon (ed.) *Quebec: State and Society*, Second edition, Scarborough: Nelson Canada, 1993, pp. 422-449.

This thesis does not intend to refute entirely the various interpretations that have been put forward. In fact, this paper agrees that domestic politics does indeed matter. The withdrawal of the government as the economic leader as well as the political defeats endured by labour combined with the increased role of a dynamic francophone business class have to be considered. But this paper also proposes to look at the situation by bringing a different dimension to it. As seen above, while there are several different approaches and explanations offered for the current state of Québec's economy, none seems to suggest adequately the relevance of the international economy and the pressures brought on by it especially for labour. The fact that most capitalist democracies have been influenced by the internationalization of the economy suggests that any analysis of Québec must also consider global factors. A careful analysis of the recent discourses of Québec business and labour elites reveals an awareness within these groups to Québec's economic vulnerability in face of the new realities of the emerging international economic environment.

The aim of this paper is to situate firmly Québec within the global economy. It would seem, as a result of international economic pressures and the important dependence of Québec's economy on external markets, that a rapprochement between business and labour is taking place along the lines of the liberal corporatist model. Like in other nations currently coping with change, Québec business and labour organizations are focusing on the development of a highly skilled labour force, an efficient economy concentrated on high value-added sectors, co-operative relations between business and labour as well as between industries, and the acceptance of a

high level of unemployment. While other factors specific to Québec's domestic situation may explain some aspects of the present economic discourse, it is clear that a comprehensive analysis must include the impact of globalization on business and labour in Québec.

In order to study Québec within this new global reality it is important to first understand the relevant, recent changes that have occurred in the international economy since 1973. As we will see, under the intensifying pressures of the new economic environment, labour's and business' behaviours have been altered in the many advanced capitalist countries. These pressures have, in turn, transformed the balance between business and labour. The latter has most particularly faced fragmentation. It will also demonstrate that this situation has prompted labour to respond to the pressures coming from the global economy. In turning to an examination of Québec, these same trends are apparent. Indeed, it would seem that labour has retreated from its social-democratic approach, most particularly in regards to its stand on employment. It has also turned itself toward business' discourse in its search for industrial democracy. Business, on the other hand, seemingly maintains that economic flexibility and efficiency are key elements for successful competition, especially within the global market. It would appear that the current responses of business and labour in Québec have been influenced, to an important degree, by the new realities of the global market[8].

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[8] These new realities will be explained in Chapter One.

Before we develop a methodology to assess the behaviour of these actors in Québec's economy, we must understand their characteristics. In 1989, labour organizations represented about 41.2 per cent[9] of the active labour force in the province which is comparable to Germany before unification. This makes Québec the most unionized regions in North America[10]. Therefore, although the level of unionization declined in most capitalist democracies during the same period, it continued to rise in the province from 1976 to 1991[11]. In our examination of labour organizations, we will look at the four largest ones[12]. The first and most important one, the Fédération des travailleurs et travailleuses du Québec (FTQ), speaks on behalf of thirty-five per cent of all unionized workers. Seventy-three per cent of its members are in the private sector. The second one, the Centrale des syndicats nationaux (CSN), represents twenty-four per cent of unionized workers. The majority of its membership is predominantly found in the public sector (59 per cent). The third one, the Centrale de l'enseignement du Québec (CEQ), represents nine per cent of workers mainly

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[9] Robert Boily "Profil du Québec" in Denis Monière *L'année politique au Québec, 1989-90*. Éditions Québec/Amérique, 1991, p.209.

[10] In the United States, unionization is estimated at 24 per cent while in Canada it is at about 36 per cent. Sources: Cy Gonick, "The state of the unions," *Canadian Dimension*, vol. 24, no. 4, June 1992, p.6; Michael Wallenstein, "Union Organization in Advanced Industrial Democracies," *American Political Science Review*, Vol. 83, No. 2, June 1989.

[11] In 1976, in the province of Québec, unionization was at thirty-four per cent. For complete data on Québec labour organizations see: Robert Boily "Profil du Québec" in Denis Monière *L'année politique au Québec, 1989-90.*, Éditions Québec/Amérique, 1991, pp. 208-211. Also, Jacques Rouillard, *Histoire du syndicalisme québécois*, Boréal: Montréal, 1989, p. 289.

[12] We ought to mention that there are many small independent unions in the province which cover 27.5 per cent of the total unionized labour force. But, for practical reasons, we will not spend time on them. Source: *Ibid.*

concentrated in the public sector (97.7 per cent). Finally, the Centrale des syndicats démocratiques (CSD), is the smallest of all the unions and represents only four per cent of the total active labour force. Most of its members are in the private sector (82 per cent) more specifically in the manufacturing sector.

The business sector is represented by a number of organizations. For the sake of our argument, we will pay attention to three important ones. The Conseil du patronat[13] (CPQ) is by far the most important business organization in Québec, representing over 450 companies. These companies hire eighty per cent of the Québec labour force in the private sector[14]. We will also examine the discourses of the Québec Chamber of Commerce (CCQ). The CCQ represents predominantly the interests of francophone businessmen in 200 local chambers in Québec[15]. It is also independent from the Canadian Chamber of Commerce[16]. As well, we will look at the Association des manufacturiers du Québec (AMQ)[17], which represents more specifically the preoccupations of the manufacturing sector.

In judging the representativeness of these associations, some critics are often

---

[13] Instrumental in the creation of the CPQ was the work of the *Centre des dirigeants d'entreprises*. Ninety per cent of the membership of this organization was francophone. See: Pierre Fournier, *Le patronat québécois au pouvoir*, Montréal: Hurtubise, 1979, p. 308.

[14] *Ibid.*

[15] Pierre Fournier, *Le patronat québécois au pouvoir*, Montréal: Hurtubise-HMH, 1979, p.73.

[16] *Ibid.*

[17] The AMQ is more specifically the Québec branch of the Canadian Manufacturers Association. It is also part of the Conseil du Patronat.

tempted to question their legitimacy to speak on behalf of their members. A former PQ minister, Robert Dean, made an interesting comment to these critics:

> *...aucun représentant d'organisme ne conserverait bien longtemps son rôle s'il s'associait à des décisions ne s'accordant pas avec les orientations qu'il doit respecter ou ne cadrant pas avec le mandat qui est le sien. Il existe, au sein des organismes représentés à la table de concertation, une démocracie que cette critique ignore très certainement*[18].

Although representation is never perfect, leaders of these labour and business organizations have an important role to play and, as such, their positions are indicative of the general sentiment of these groups in Québec.

We can now proceed to establish an appropriate methodology to explore and ultimately to support the main argument. In this way, the fact of international pressures on the position of business and labour in Québec will be revealed.

CHAPTER ONE- Theoretical Considerations on Labour and Business

The first chapter is a theoretical exploration of the literature on the behaviour of labour and business. This chapter will begin by defining general changes and trends in the world economy in the postwar and post-industrialist eras. A key component of this discussion will be the different ways in which labour and business have responded in different economies. As well, we will underline the distinctiveness of the Québec case. Chapter One is therefore intended to provide certain essential tools which will enable us to consider the specific case of labour and business in Québec today.

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[18] Robert Dean, "Choisir la concertation", *La Presse*, May 2, 1985.

CHAPTER TWO: Competing Visions

The second chapter is mainly concerned with establishing the historical context that prevailed during the tenure of the Parti Québécois in power between 1976 and 1985. We will see that, in our examination of the evolution of attitudes between labour, business, and the PQ government, many competing approaches to economic policy existed during this period. During this period labour faced some important political defeats that would further weakened its position in market polyarchy. The overview of this period will indicate that, as economic agents faced economic change, conflicting rather than co-operative relations marked the PQ period.

CHAPTER THREE: Toward a Rapprochement

In the third chapter, we will attempt to demonstrate that a new situation is developing in the province. The position of labour continued to decline as it faced, once again, important political defeats between 1986 and 1988. Later, we will examine the attitudes of the main business and labour organizations in Québec vis-à-vis the question of employment by looking at different initiatives held between 1989 and 1991. We will first examine the position of the major groups through an assessment of the first Forum pour l'emploi (1989) and the briefs they presented before the Bélanger-Campeau Commission (1990). Beyond economic issues, we will see a constitutional dimension to the discussions emerge. Then, we will look at the actions business and labour have taken during recent initiatives held in 1991; the Rendez-vous économique and the second Forum pour l'emploi. This exercise will permit an

assessment of where the different economic agents stand on the question of employment.

Taken together the discussion in chapters two and three demonstrates a shift in the behaviour of labour from confrontation to collaboration. As well, it shows that business has not changed its behaviour very much.

CHAPTER FOUR: Explaining the Rapprochement

In the fourth and final chapter, we will attempt to explain what caused the rapprochement outlined in the previous chapter. We will demonstrate that our interpretation differs from other Québec academics who have considered this question. Indeed, this chapter will show that explanations centered on domestic conflicts, although important, are insufficient to explain the shift of Québec labour toward the business discourse. The vulnerability of Québec's economy and its relative state of dependence on external markets, which have provoked a nationalistic response to recent changes in the international economy, ought also to be considered in accounting for this new collaborative era in Québec economic relations. The rapprochement on an economic strategy as well as the consensus to see a devolution of constitutional powers to Québec are adaptive responses on the part of business and labour to the new global economic environment.

We will conclude this chapter by briefly looking at the potential effects that this rapprochement could have in the Québec of the 1990s. In light of the information presented, we can see that despite a rapprochement labour continues to be in a

precarious position. Indeed, consensus alone does not guarantee success. There are still potential dangers for the 1990s.

CHAPTER ONE: *Theoretical Considerations on Labour and Business*

INTRODUCTION

Before proceeding with this specific study, it will be useful to investigate some theoretical considerations regarding the behaviour of labour and business, especially during the globalization of the economy. In order to organize these various perspectives, we must first be aware of changes that have taken place in the economic environment to which labour and business have responded. In this way, a vocabulary and important background information will be introduced. This chapter will be descriptive rather than explanatory. Elements that will be described in this chapter will be particularly explained in depth in Chapter Four. Chapter One is therefore intended to provide certain essential tools which will enable us to consider the specific case of labour and business in Québec today.

It is important to realize that any assessment of economies or economic activity is extraordinarily complex. All economies result from a variety of networks of interacting and interdependent actors. As a result, the clear definition of causal relationships of certain policies or behaviours is difficult to determine. Different theorists have pursued different approaches as they highlight different actors or components of the economy. This chapter proposes not to explain entire economies but rather to describe the relevant trends of the behaviour of labour and business in recent history.

This chapter explores the evolution of labour and business according to period,

whether postwar or post-industrialist periods and also according to the environment, whether neo-liberal or social-democratic. The use of these terms is not ambitious. They are primarily used in the context of this paper in order to differentiate between periods and environments.

The term postwar era seems more relevant than other terms used by academics (such as Fordism and Keynesianism) because it contains already Fordist and Keynesian elements. A more general connotation thus seems to be more suitable. The term *post-industrialism* warrants some more explanation. As Block pointed out, the term post-industrialism, as well as post-Fordism and post-Keynesianism, can be negative because it only seems to indicate the kind of economy and society we are leaving behind[19]. As we will see, post-industrialism in the context of this chapter means a change in the nature of production and trade which has resulted in specialization. This development has, in turn, brought change in the composition of the labour force and has tended to favour more implication on the part of workers in the production process.

For the term neo-liberalism, it alludes to an economic ideology inspired by the work of Adam Smith. It proposes overall principles such as the freedom of capital, economic laissez-faire, economic efficiency and tolerates a high level of unemployment. Social-democratism, for its part, promotes an environment where greater involvement of the government in economic affairs is accepted. It also refers to

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[19] Fred Block, *Revising State Theory: Essays in Politics and Postindustrialism*, Philadelphia: Temple University Press, 1987, p. 27.

an environment where a highly integrated and organized labour movement helps to direct leftist governments to act in favour of the interests of workers. It promotes as well economic democracy where government, labour and business act in concertation with each other. As a result, social security, high wages and full employment are to be expected.

Ultimately, we will see the importance of the variable of the economic environment as all economies become compelled to deal with the most recent development of the post-industrialist era, the specialization of the economy. A key component of this discussion will be the different ways in which labour and business have responded. The impact on or the results felt from various state policies and circumstances by labour and business will be assessed. This information sets the necessary foundation upon which the activities of labour and business in Québec will be analyzed.

AN OVERVIEW OF THE NEW INTERNATIONAL ECONOMIC ORDER

This section will briefly introduce and define the main features of the globalization of the international economy. Before we outline its characteristics, it remains important to understand the particularities of the preceding period, the postwar era. This approach will permit a better assessment of the characteristics of the subsequent period, the post-industrialist era.

Also referred to as the *Golden Age of Capitalism*, the postwar era established itself during the period following the Second World War in the advanced capitalist

democracies and lasted until about 1973. The successes of this period depended upon two pillars.

The first one, Taylorism, focused on mechanization and a particular organization of labour. The process implied that the skills and knowledge of the workers were expropriated in order to increase management's control in the firm and productivity[20]. As such, workers were permitted very little intellectual input in the production process. This arrangement, in turn, made for very rapid productivity gains[21].

The second pillar, Fordism, was set on a model of regulation in which the national space formed the focal point while international trade was of secondary importance. This model was also characterized by the internal transformation of industrial production processes and the expansion of the internal market by increasing the growth of domestic consumption. Thus, workers were permitted rising wages in exchange for greater productivity gains. As a direct consequence of the importance of securing the continuous development of the domestic consumption market, the State had the role of ensuring its growth through full employment and income maintenance. Indeed, the gains produced by Taylorism were partly distributed to wage-earners through a tight network of collective agreements and the institutions of the welfare state[22].

---

[20] Alain Lipietz, *Choisir l'audace: une alternative pour le XXIe siècle*. Paris: Éditions La Découverte, 1989, p. 18.

[21] *Ibid.*

[22] *Ibid.* Also see on this question: Michel Aglietta, *A Theory of Capitalist Regulation: The US Experience*. London: NLB, 1979.

Therefore, the Fordist mode of regulation mixed with the Taylorist elements within the labour process led to a situation of *intensive accumulation*[23] within national economies. In other words, production and consumption were constantly transformed through high productivity growth and rapidly rising wages. As well, the state played an important role in ensuring the stability and the growth of the model.

However, some developments occurred which led eventually to the end of the postwar consensus in the early 1970s. The oil shock of 1973 and the abandonment of the Bretton Woods system were the catalysts. The oil shock, in particular, caused deficits within governments and business in the advanced capitalist democracies. Firms could no longer halt a decline in the rate of productivity growth except through ever more costly investments. The result was a fall in profit rates which, in turn, caused a decline in investment. These developments, in turn, put pressures on governments and business to restore profit margins by increasing exports. This situation, fuelled by the liberalization and multiplication of world trade, has led to the rising integration of national economies, also called the globalization of markets. These changes would have far-reaching implications in the following decades.

The drive toward exportation profoundly changed the nature of world markets. By subcontracting production to less developed nations, the advanced industrial countries helped to fuel the expansion of countries that subsequently became their

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[23] For a more thorough explanation of this term, see Alain Lipietz, *Accumulation, crises et sorties de crise: Quelques reflexions méthodologiques autour de la notion de "régulation."* Research Paper No. 8409, CEPREMAP, Paris, 1984, p. 18; also, Alain Noël, "Accummulation, Regulation, and Social Change: an Essay on French Political Economy," in *International Organization*, 41 (2), Spring 1987, pp. 311-313.

competitors[24]. It also resulted in a wide-reaching crisis of international competition in the 1980s and 1990s.

Further, as world trade began to grow much faster than each country's internal market, the regulation of growth in both demand and supply increasingly diluted national economies[25]. The national space progressively lost its importance as independent states have had more and more difficulties in even creating a desired economic environment[26]. Many countries were put in a position where they had to harmonize their policies, sacrifice part of their sovereignty and put in place structures to co-ordinate their policies.

Complementary to these difficulties was the rise of neo-liberalism in advanced capitalist democracies. Neo-liberalism promotes the freedom of capital, economic laissez-faire and economic efficiency. The rise of this economic ideology also led to a growth of unemployment and the crisis of the welfare state. Countries that have embraced this approach to economic policy are the United States, Great Britain and Canada. But there are indications that this economic thinking is gaining grounds in other capitalist democracies. The election of a conservative coalition in Sweden, although it does not mean the end of the Swedish model, is a good example of the pressures brought by this economic thinking.

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[24] *Ibid.* p. 31.

[25] A. Lipietz, "L'Europe dernier recours pour une relance mondiale?" in *Le monde diplomatique*, May 1988, pp. 6-7.

[26] This development will be discussed in more details later in this chapter.

These developments, although a case can be made that they have limited their field of action, did not eliminate the legitimacy of the aspiration of small nations to master their own development. In fact, globalization does not make the concept of nation-state totally obsolete. Daniel Latouche explains:

> *In this turbulent world economy, nation-states are the only actors capable to bring a sense of order. Contrary to multinationals, technology, or financial capital, they are anything but footloose. Nation-states provide a geographical closure to political and economic debates. They determine where the "buck" will finally stop and how certain groups will try to maximize their own advantage over a given territory*[27].

While the growth of domestic consumption was a major attribute of the postwar era, economic actors in the post-industrialist period have had to rely more on specialized trade in order to sustain economic growth. The last twenty years have witnessed a shift from resource-based to knowledge-based industries in most advanced capitalist countries[28]. This development have signified that industries, in order to be competitive, depended on the development of technology and human capital. This was particularly true in some small European countries. These small national economies have understood that in order to compete in the international economy, as well as to maintain their high social standard of living, they had to focus on the development of

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[27] Daniel Latouche, "'Québec, see under Canada': Québec Nationalism in the New Global Age," in A.G. Gagnon, *Québec: State and Society*, 2nd Ed., Scarborough: Nelson Canada, 1993, p. 58.

[28] Gordon Laxer, "Countries for Sale: Foreign Ownership in a Global Economy." CBC *IDEAS*, 1991, p. 2.

high value-added goods that could be exported in larger markets[29]. In other words, the globalization of markets have induced these smaller economies in particular to specialize their production and expertise in order to carve a place for themselves in the competitive international economy. This approach, however, was not free from creating a potential problem. As they moved in the direction of increased exportation, their national economy has increasingly become more and more dependent on their external markets in order to insure economic growth and the continuity of their welfare programs.

Finally, another element comes into play. As the phenomenon of globalization of markets was underway, it has in turn reinforced the feeling of identity among many small nations. Indeed, globalization and its emphasis on specialization has obliged many small nations to rethink their economic strategies. It has also led them to question the role of centralized structures and of centralized policy-making[30]. Regional economic actors are demanding more autonomy in the economic field for their local government. In Europe, the concept of subsidiarity, where specific powers are devolved to regions when judged more efficient, has become popular as a way to address this concern. This also signifies that the immediate environment seems to have become more important for industries in their search for global competitiveness.

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[29] Peter Katzenstein, *Small States in World Markets: Industrial Policy in Europe*. Ithaca: Cornell University Press, 1985.

[30] Gaëtan Tremblay & Manuel Parès i Maicas, *Autonomie et mondialisation: Le Québec et la Catalogne à l'heure du libre échange et de la communauté européenne*, Sillery: Presses de l'Université du Québec, 1990, pp. 4-5.

Industry leaders feel that their local government is closer to the needs and interests of local industries and can respond more quickly to their concerns. In other words, they feel that their local government should have more powers in order to make decisions more efficiently as business seeks to adapt and compete in the global economy. As we will see in the case of Québec, the notion of nationalism, which demands an important devolution of economic powers from Ottawa, comes as a significant reaction to these developments.

Now that the new realities of the international economy have been introduced, the next section will discuss the implications of the postwar and post-industrialist eras on the behaviour of labour and business in advanced capitalist democracies. It will become apparent, by the end, that the globalization of the economy has had a determinant effect on the relationship between labour and business.

EXPLAINING THE BEHAVIOUR OF LABOUR

In order to assess how labour unions behave in certain situations, it is essential to understand the particular economic environment. The context and the dimension of policies are key variables that must be taken into account. As we will describe shortly, labour has had different opportunities and resources with which to influence policy in the postwar and post-industrialist era.

Labour in the Postwar Era

As just discussed, the postwar period resulted in a favourable environment for

labour in many capitalist democracies. This led to a series of domestic and institutional accords that were the main ingredients of what has been termed the postwar consensus[31]. One of the important features of these accords was the institutionalization of labour in the functioning of the capitalist system. By recognizing labour as a component of the capitalist system, business sought to ensure its stability. In return, labour also accepted capitalism and accepted to be less militant in return for short term gains. These gains were formal rights to bargain over wages and the conditions of organizational strength necessary to enforce those rights in limited contexts. Consequently, labour could make its demands known inside an institutional framework. The second feature was the acceptance of the Keynesian understanding of the role of the state. Under this approach, the state was to ensure the conditions of economic growth without wide variations in employment and prices. The third feature was the creation of a welfare state. As such, labour was able to obtain among other things, benefits, better wages, and health care. While this sets the general dimensions of Keynesian economics, it is important to note there have been a variety of interpretations of this arrangement within different economic environments and nations.

In liberal countries such as the United States, labour readily accepted the domestic accord and the resultant short-term gains. According to Joshua Cohen and

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[31] Other authors have used terms such as *Keynesian Consensus* or *Keynesian-Fordist Consensus* to describe this situation. Therefore, these terms ought to be treated more or less as synonyms.

Joel Rogers[32], although it would have been rational for individual workers to try to improve their position within capitalist democracy, the only way for workers to improve their material position steadily would have been by struggling together to overthrow capitalism.

The achievement of short-run material satisfaction often makes it irrational to engage in more radical struggles. It would be contradictory to oppose those very institutions which have granted some gains. Therefore, by de-radicalizing and integrating the major organizations of workers into the system, this domestic accord contributed to the political and economic stability of the postwar system. Although they did not fully eliminate conflicts, such arrangements permitted the satisfaction of the material interests of both workers and business within the structural inequality that defines capitalism.

To Cohen and Rogers, the wage gains under the domestic accord translated into enormous purchasing power for workers. The emergence of the postwar order under these conditions generated impressive results in growth, employment, and macroeconomic stabilization. These gains were not achieved, however, without a cost. As a result of this organized striving for short term gains, labour unions, in many cases, ceased to be a powerful and independent political movement[33].

Charles Lindblom also agrees that workers have little choice but to participate.

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[32] Joshua Cohen and Joel Rogers, *On Democracy: Toward a transformation of American Society.* Penguin Books: New York, 1983.

[33] *Ibid.*, p. 92.

He makes his point by introducing the concept of polyarchy. Polyarchy is a concept based on pluralist analysis which emphasizes the nature of competition between organized groups within society. In market polyarchy, Lindblom argues that labour has an inferior position. He explains that the privileged position of business in capitalist society reduces the dimension of choice workers may have.

> *The plain fact, however, is that workers do work--without special inducement from government. Their livelihood depends on it. Their position is quite different from that of the businessman, who has a dimension of choice*[34].

According to Lindblom, labour unions suffer a relative disadvantage in polyarchal competition since they command far fewer resources than businesses. Indeed, contrary to the latter, labour does not enjoy such a privileged position in government and politics[35]. This is exemplified by many reasons. First, in term of political influence, labour has limited resources. Government depends on business, not labour, for production, growth and jobs. Second, labour does not have the same access to media and education. And third, it does not possess extraordinary sources of funds, as does business, to influence the political process. Finally, the potential of labour to challenge business has been even more undercut by collaboration between the two in order to avoid confrontation[36].

Adam Przeworski explains the inability of workers to influence their agenda by

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[34] Charles Lindblom, *Politics and Markets*, New York: Basic Books, 1977, p. 176.

[35] *Ibid.*, p.198.

[36] *Ibid.*

two factors. First, workers face a problem of collective action.

> *The first effect of the "structure of the bourgeois state" is thus that wage-earners are formed as a class in a number of independent and often competitive organizations, most frequently as trade-unions and political parties, but also as cooperatives, neighborhoods, associations, clubs...*[37].

As a result of the structures of the capitalist state, it is difficult for workers to create a cohesive class. The other factor has to do with the participation of workers in the capitalist system. To Przeworski workers have no other alternative than to participate:

> *The fact is that the only durable organizations are those that chose to participate in bourgeois institutions. For unless a participation is totally ineffective in advancing interests of workers in the short run, all organizations of workers must either join or vanish*[38].

Therefore, the combined effects of these factors bring about the de-radicalization of socialist movements. Under this situation, workers seek the co-operation of business in increasing productivity and distributing its gains[39].

Ralph Miliband adds another dimension to this discussion of labour in the postwar era. He argues that even in the case of a leftist government in power, the position of labour does not improve significantly. Indeed, once in power these governments reassure business that they are fit to govern and that they are no threat to capital. In fact, according to Miliband, leftist governments often do more for business

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[37] Adam Przeworski, *Capitalism and Social Democracy*, Cambridge: Cambridge University Press, 1984, p. 5.

[38] *Ibid.*

[39] *Ibid.*, p. 43.

by adopting bourgeois policies[40]. As a result, no radical change occurs and leftist governments maintain the existing social and economic order of their conservative predecessors. Thus, they have to postpone, if not abandon, their radical master plan and replace it with a strategy of short term gains[41].

'Power resources theorists' view this situation very differently. Indeed, they maintain that labour movements in full employment societies faced a unique situation. According to Walter Korpi[42] and Gosta Esping-Andersen[43], power resources accumulated by labour in countries such as Sweden, have resulted in a greater capacity to *social-democratize* their respective societies. These power resources can be defined and measured in terms of two factors: mobilization and control. First, in regard to mobilization, a highly concentrated and integrated labour movement is an essential component. Under this theory, a highly integrated and organized labour movement helps to direct governments to act in favour of the interests of workers. As a result, social security, high wages and full employment are to be expected. Second, the other essential component is the extent of leftist party control of the government. This control is measured in the amount and duration of Labour Party government

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[40] Ralph Miliband, *The State in Capitalist Society*. New York: Basic Books, 1969, p. 96.

[41] This point is also shared by Cohen and Rogers in their book *On Democracy: Toward a transformation of American Society*. 1983, p. 92.

[42] Walter Korpi, *The Democratic Class Struggle*. London: Routledge and Kegan Paul, 1983.

[43] Gosta Esping-Andersen, "Politische Nacht und wohlfahrtsstaatliche Regulation," in F. Naschold (ed.) Arbeit und Politik. Gesellschaftliche Regulierung der Arbeit und der sozialen Sicherung. Frankfurt: Campus. Cited in Göran Therborn, "Karl Marx Returning: The Welfare State and Neo-Marxist, Corporatist and Statist Theories", *International Political Science Review* 7/2, 1986, pp. 149-151.

incumbency. Such control also results in the stability of the system.

David Cameron goes one step further in explaining the effects of these power resources in social-democratic countries[44]. According to him, they have enabled labour movements to maintain the goal of full employment as opposed to large increases in wages in the short term. In turn, the states that have maintained full employment -- Switzerland, Japan, Norway, Sweden, West Germany, Austria, and the Netherlands, have seen relatively peaceful labour relations. The end result was modest earnings and price increases[45]. Full employment seems to have also created a co-operative environment in which there is a low level of strikes as well as political and economic stability. Power resources theorists have used these two factors to demonstrate that labour fares better in those countries where its power resources are greater[46]. Therefore, the labour movements in these countries have been able to win a series of substantive gains at the expense of business interest due to the application of power resources. But with the end of the postwar consensus in 1973, which has also been termed the beginning of a new era, labour saw its power resources gradually diminished.

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[44] David Cameron, "The Politics and Economics of the Business Cycle," in T. Ferguson and J. Rogers (eds.), *The Political Economy: Readings in the Politics and the Economics of American Public Policy*. Armonk, NY: M.E. Sharpe, pp. 237-262.

[45] *Ibid.*, p. 258.

[46] For more on the power resources theory, see: Michael Shalev, "The Social Democratic Model and Beyond: Two 'Generations' of Comparative Research on the Welfare State", *Comparative Research 6* (1983); Theda Skocpol and Edwin Amenta, "States and Social Policies", *Annual review of Sociology* (1986); and Göran Therborn, "Karl Marx Returning: The Welfare State and Neo-Marxist, Corporatist and Statist Theories", *International Political Science Review 7/2* (1986).

Labour in the Post-industrialist Era

The emergence of new global patterns in the international economy, as discussed earlier, has pushed labour movements to reconsider their strategies. The defence mechanisms provided under the domestic accord which essentially institutionalized and therefore confined conflicts have been eroded by the new realities of the global economy. As a result, the opportunities that labour was able to take advantage of during the postwar era have been gradually disappearing to the point that, by the end of the 1980s, labour had to give up some of its ideals such as full employment. Further, the pivotal element of labour policy-making, the welfare state, has been diluted by the globalization of markets. We will see that these developments, which are among the causes of the end of the postwar approach, have contributed to other factors that have made labour seek other alternatives.

According to Michael Harrington, the nature of economic growth has changed in liberal countries such as the United States and Great Britain. Economic progress, to him, can now be the cause of social marginalization rather than social integration[47]. Jobs that were created in the United States have been mainly low-paying and low productivity jobs concentrated in the service sector. In other countries such as Great Britain, he maintains that high productivity has resulted in a greater amount of unemployment. Further, wages have not kept up with inflation which has resulted in less relative purchasing power for the workers. This has resulted in supply-side crisis

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[47] Michael Harrington, *The Next Left: The History of A Future*, New York: Henry Holt, p. 6.

since mass production implies mass consumption[48].

To Fred Block, the proponents of the neo-liberalist school believed that the State had to stop *living above its means* especially in this time of growing competitiveness of international trade and national budget deficit[49]. In an effort to rejuvenate profits and investments, they called for the dismantling of collective agreements and the welfare state. In the same breath, through an approach of economic Darwinism, the invisible hand alone would ensure the survival of those firms which were using the techniques of the future, and would eliminate the less fit thereby favouring firms believed to be competitive.

Another effect of the post-industrialist era has been an important rise in unemployment in the majority of capitalist democracies. The monetarist policies practised in those liberal countries, and their fight against inflation, were a direct consequence of this development. Further, governments realized that mass unemployment was no longer a politically threatening situation. Indeed, Margaret Thatcher demonstrated that it was possible to govern and get re-elected with a high level of unemployment. Other governments soon realized that they did not need full employment to be politically successful. Therefore, unemployment suddenly became natural and legitimate. The obvious consequence of this development has been that the increase in the size of this reserve army of unemployed has weakened the bargaining

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[48] *Ibid.*, pp. 21-22.

[49] Fred Block, "Rethinking the Political Economy of the Welfare State" in *The Mean Season: the Attack on the Welfare State*, 1987, p. 116.

position of those workers who are still employed[50]. This makes it difficult for workers to be united since they are competing for the fewer jobs that remain. Indeed, in times of high unemployment, some workers will accept to work for less. As a result, it places downward pressures on their wages. With a higher level of unemployed, business is better able to discipline its workers.

The complexity of the globalization of markets has also divided labour into different segments. This situation has placed some elements of labour in an advantageous position vis-à-vis others[51]. Highly skilled workers tend to benefit from high wages and a secure position in the labour market. Further, as the result of the scope of technological innovation, it has become possible to reduce the sum total of necessary human labour. This reduction in labour has been translated into structural unemployment and an even greater separation between highly-skilled and less skilled labour.

Wage differentials between skilled and unskilled workers can be the source of significant conflicts within the labour movement itself[52]. In this situation, a raise in the wages of workers in high-valued industries often results in demands by less-skilled workers to have their wages raised as well. However, this does not always produce a

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[50] J. Cohen and J. Rogers, *On Democracy: Toward a Transformation of American Society*. pp. 118-120.

[51] Robert Cox, "Social Forces, States and World Orders: Beyond International Relations Theory," *Millennium*, Vol.10, 1981, pp. 127-155. Marx also identified similar elitist development within the labour force and referred to it as *labour aristocracy*.

[52] Peter Swenson, *Fair shares: Unions, Pay and Politics in Sweden and West Germany*. Ithaca: Cornell University Press, 1989, p. 16.

favourable outcome for the less-skilled workers. While fairness can mean equality, it can also mean the maintenance of existing differentials.

The internal divisions of labour's attitudes are further highlighted under a free trade scenario. Workers in less competitive industries such as textiles, tend to be protectionist. On the other hand, workers in highly technical industries support free trade as it creates high wage jobs.

These developments have undermined the institutional arrangement that characterized the postwar consensus in liberal countries such as the United States and Great Britain. Other countries, such as Sweden and Norway, continued to have a certain degree of success by pursuing an opposite program to neo-liberalism until the late 1980s. By the end of the decade, however, it seemed that their approach had become increasingly difficult in the present context to sustain[53]. The neo-liberal trend appears to have contributed to alter the political balance between labour and business.

It is therefore clear that, because of globalization, economic era has become an important variable. As a result of the present situation in the international economy, labour has been influenced to respond to change. Six categories of responses, on the part of labour, have been identified by different theorists. Each suggests an explanation for the activity of labour in capitalist democracies as it adjusts to the emerging realities of the political and economic environment. While the last four responses deal

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[53] Gosta Esping-Andersen, *Three Worlds of Welfare Capitalism*, Cambridge: Polity Press, 1990.; Also: Mjoset, L., Fagerberg, J., Cappelen, A., Skarstein, R. "The Decline of Social Democracy in Norway" in *The New Left Review*, 1990, pp. 60-94.; Paulette Kurzer, "Unemployment in Open Economies: The impact of Trade, Finance and European Integration" in *Comparative Political Studies*, 24 (1), 1991, pp. 3-30.

more closely with the economy, the first two responses relate to the way labour reacts to its political milieu.

There are two different routes that labour can follow to bring change in the political arena: direct political action or non-partisanship[54]. Direct political action refers to a more proactive role on the part of labour in the political process. Two variants of it can be identified. In the first one, labour can attempt to elect candidates sympathetic to the labour movement through the traditional parties and to participate in political debates concerning issues of interest to workers. In the other, labour can choose a more direct approach by playing an active role in creating an independent political party that would represent the interests of the working class.

The second type of response, which can be termed non-partisanship, goes contrary to the preceding approach. This rather passive strategy is a very familiar one in the North American tradition. In this approach, labour unions refuse voluntarily to get directly involved in a political party. They also oppose the participation of labour in any mechanisms of joint partnership with government and business. They claim that participation with these two groups would make autonomous labour action irrealisable because of a lack of independence.

Labour unions relate to the state not only in political terms, but in economic terms as well. Changes in the international economy also influence the behaviour of labour. Four additional and distinctive responses can be identified.

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[54] Roch Denis & Serge Denis "Québec Unions in Politics, 1960-90," in A.G. Gagnon, *Quebec: State and Society*, 2nd Ed., Scarborough: Nelson Canada, 1993, p. 200.

A first response is essentially the maintenance of the status quo as it generally supports the old discourse. Although increasingly infrequent[55], this response has been exercised by some unions who remained committed to Keynesian-inspired solutions. Even though it no longer works as well as in the past, some unions have not changed their approach in the new global environment. Indeed, they continue to believe that a re-flation of the economy could bring back conditions proper to full employment[56].

A second response on the part of labour, increasingly becoming common as a result of the pressures of the international economy, has been the general tendency to become quiescent and co-operative. With a drop in investment and high unemployment, labour tends to become moderate and to abandon its demand for full employment. It then makes sacrifices in wage expectations and accepts the decline of working conditions[57]. It can also accept the latter in exchange for guarantees of social peace and high employment levels or, again, seek wage gains tied to productivity and employment[58].

In the same breath, rational choice theorist Miriam Golden argues that when faced with situations such as workforce reductions, labour unions will attempt to

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[55] This situation prevailed mostly in the early 1980s. By the end of the decade, however, this approach was generally abandoned in favour of the others discussed below.

[56] Leo Panitch, "Capitalist Restructuring and Labour Strategies," *Studies in Political Economy 24*, Autumn 1987, p. 140.

[57] Georges Warskett, "Capital's Strength and Labour's Weakness Under Free Trade," *Studies in Political Economy 33*, Autumn 1990, p. 128.

[58] P. Swenson, *Fair Shares: Unions, Pay, and Politics in Sweden and West Germany*, pp. 111-128.

negotiate hard times[59]. In other words, labour unions will permit the reductions to occur when they will be permitted to choose those who will be laid off. This behaviour on the part of labour is explained by the fact that some union officials, in fighting over the terms of job loss, are more concerned with the protection of their own organizations than the protection of jobs. Consequently, in these situations, it is possible for trade unions to win some concessions from management. But the concessions only have to do with organizational maintenance. As a result, facing this pressure, labour seeks consensus with business in order to avoid confrontation.

A third and fourth response has been identified by Leo Panitch[60]. Panitch argues that labour has developed two additional responses before the recent re-structuring of the economy. First, there has been a drive towards a greater control of the sphere of production through industrial democracy. This response is intended to give more power to workers in the workplace through a partnership with business. A second response identified by Panitch is related to the increased control of the sphere of accumulation through the use of funds to acquire majority ownership in industries. The best example that comes to mind is the wage earner fund in Sweden. Such an approach has also taken place in West Germany, France and Britain. These somewhat co-operative approaches, however, have had only partial success so far.

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[59] Miriam Golden, *The Politics of Job Loss*. Paper presented before the Canadian Political Association meetings, Université Laval, June 1989.

[60] Leo Panitch, "Capitalist Restructuring and Labour Strategies", *Studies in Political Economy 24*, Autumn 1987, p. 140.

In term of industrial democracy, labour had to face the resistance of business which was not prepared to lose any control over the sphere of production[61]. As for wage earner funds, although it does give some powers to labour in terms of investment activities, it did not automatically materialize into great substantive gains for workers. Labour also had to face strong opposition from business who did not appreciate a new competitor. As well, although wage gains and more equality in the workplace can be achieved, it is often done at the expense of employment. Indeed, this approach has been criticized for its tendency of favouring skilled workers over unskilled workers in less competitive manufacturing sectors.

As we have seen with labour, business is also sensitive to the changing global environment. In order to provide a complete picture of the new reality, we must also investigate the movement of business. We will consider theoretical perspectives on business in the postwar and post-industrialist eras to assess its evolution and current status.

EXPLAINING THE BEHAVIOUR OF BUSINESS

As we have briefly described in the previous section, business was able to enjoy stability in the capitalist system because of the domestic accords that took place. However, business has reacted differently depending on the environment it was in during the postwar era. Before we stress the differences of business behaviour in

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[61] *Ibid.*, pp. 140-141.

capitalist democracies, we will underline the general responses generated by business.

Business in the Postwar Era

As mentioned in the previous section on labour, the element of polyarchy is useful in understanding the competitive nature of organized groups in society. This model is once again useful in demonstrating the advantages business has in society. According to Charles Lindblom, the dominance of business in market polyarchy forms a critical element in the assessment of policy determination[62]. In capitalist democracies, the business class is not merely an interest group but a privileged actor because of its position in government and politics[63]. Business enjoys a privileged position within government due to its power resources.

First, business controls politics. Although, business in general is not enamoured with state involvement in the economy, business and government will avoid battling one another. In fact, efforts are made to reduce to a minimum the risks of conflict. Instead, government and business work together to create a favourable environment for each other. While business depends on a set of governmentally provided inducements in the form of markets and political benefits, the government, in turn, depends on business for production, growth, and jobs for re-election[64]. If a confrontation occurs,

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[62] Charles Lindblom, "The Market as Prison", *The Journal of Politics*, Vol. 44, no. 2 (May 1982), pp. 324-336.

[63] C. Lindblom, *Politics and Markets*, p. 175.

[64] *Ibid.*

business will respond by using its means of influence. Indeed, any policy reform that is not favoured by business will be met with the punishment of unemployment or a weakened economy therefore reducing the chances of re-election of the government. Therefore, business *wins* in its relations even with leftist governments. This also results in a de-radicalization of leftist parties in power.

Second, business has a disproportionate influence since it is the major source of funds for political parties. This fact puts business in a position to influence political outcomes. Consequently, business has a direct say in policies.

Third, business enjoys an important access to media and education. In both cases, it has an important influence since it owns the majority of newspapers and since it funds schools. In the case of education, business is in a position to mold public opinion while its control of the media enable it to distortion debates to its advantage. Such an influence creates a situation where it can indoctrinate citizens so that they think they want what business wants. It can also create myths. For example: "What is good for G.M. is good for America."

Business has not only an advantage over government but also over labour. As already discussed, labour has an inferior position which is reflected in its diminished influence in market polyarchy. To business, this important advantage over labour must remain intact. Lindblom maintains that treating labour as symmetrical to business interests is to deny the special place occupied by business in policy making[65]. Any

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[65] *Ibid.*, pp. 176-177.

attempts to challenge the existing balance between the two will create an immediate reaction on the part of business. He explains:

> *...a market-oriented system may require for its success so great a disproportion of business influence, both through the privileged position of business and through business disproportion in electoral activity, that even modest challenges to it are disruptive to economic stability and growth. Union power may be "too much" for the survival of private enterprise long before it is great enough to match the privileged position of business. Similarly, welfare state demands may be "too much" long before they manifest a political equality in electoral and interest-group activity*[66].

Governments are not neutral but rather partisan in conflicts between business and labour. Indeed, once the efforts to achieve a *reasonable settlement* fail, governments will use their power of coercion against labour to put an end to the conflict. To Miliband, this procedure, which he refers to as the *routinization of conflict*, is used as an additional element of restraint on organized labour. It also serves the useful purpose of further dividing the trade union ranks. As well, he adds that governments place further inhibitions upon labour so it cannot exercise pressures on employers in matters such as wage claims[67].

Polish economist Michal Kalecki brought an additional explanation to business behaviour. He believed that, because of its free market attitude, lasting full employment is not to the liking of business[68]. According to Kalecki, because business

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[66] C. Linblom, *Politics and Markets*, p. 199.

[67] *Ibid.*

[68] Michal Kalecki [1943], "Political Aspect of Full Employment." In T. Ferguson and J. Rogers (Eds.), *The Political Economy: Readings in the Politics and Economics of American Public Policy*. Armonk, NY: M. E. Sharpe, 1984, pp. 27-31.

perceives unemployment as an integral part of the normal capitalist system, full employment is consequently unsound. He further argues that this opposition of business is motivated by the belief that its power would be reduced substantially in a full employment situation. Kalecki isolated three specific reasons explaining this position of business. First, the threat not to invest, often used by business, would become irrelevant. Second, full employment would increase the importance and power of the state in society. Third, it would free workers from the fear of unemployment and make it harder to maintain discipline in the factories. For these reasons, the maintenance of a reserve army of unemployed is seen as preferable to business.

Cameron wrote that recessions are provoked intentionally by business because of long-term gains[69]. Although both business and labour suffer during a recession, the long term effects are more beneficial to the former. With such a strategy, he argues that business is able to reduce the militancy of labour, reduce labour cost and restore the level of profitability for industry.

According to the above theoretical perspectives on business, we find that business enjoys a privileged position in capitalist society. In order to further expose this argument, it is useful to consider specific examples of the experience and position of business. Certain perspectives challenge the assertion of business's privileged place and reveal that the behaviour of business can differ according to context.

In his study of American corporate attitudes, David Vogel remarked that the

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[69] David Cameron, "The Politics and Economics of the Business Cycle," in T. Ferguson and J. Rogers (eds.), *The Political Economy: Readings in the Politics and the Economics of American Public Policy*. Armonk, NY: M. E. sharpe, pp. 237-262.

fact that the business system has functioned relatively well from the 1930s to the early 1970s was due to important political defeats business has experienced[70]. This has prompted him to write that *business wins when it loses*[71].

Michael Harrington, in its explanation of Fordism, also came to the same conclusion:

> *...The resultant upheaval, for all its struggle and violence, created a system that served upper-class purposes even as it recognized working-class rights. It was not a conspiracy of the rich, since most of them had angrily excluded themselves from the process, but even so it worked to their advantage*[72].

Therefore, even if business opposed it, Fordism benefited business. But, to Vogel in particular, the fact that business was incapable of imposing its views on the system is explained by an incapacity on the part of business to organize and to generate leadership. Led by principles such as individuality, independence and competition, business is often characterized by tensions and conflicts. Indeed, because of the need for business to compete, it is almost impossible for the business community to discipline its own members. The obvious consequences of this are: lack of solidarity, cohesion, and most importantly, leadership.

Lindblom's argument may still be saved even with this criticism of the lack of leadership provided by business. He argues that leadership is not essential to the

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[70] David Vogel, "Why Businessmen Distrust their State: The Political Consciousness of American Corporate Executives." *British Journal of Political Science*, No. 8, 1978, p. 72.

[71] *Ibid.*

[72] M. Harrington, *The Next Left: The History of a Future*. p. 26.

maintenance of a privileged status. Lindblom cites business in countries such as West Germany, Sweden, Japan that have succeeded quite well because their respective governments have explicitly accepted the responsibility for the development of private free enterprises[73]. The business class, being the creation of the state, has benefited from inducements and the tools provided by its own government. Consequently, because of its privileged position in government and politics, business does not necessarily need to assume political leadership since it can count on the government itself to deliver the goods and implement policies that, in the end, are always beneficial to them.

The end of the postwar consensus in the early 1970s, however, drastically changed the economic environment. The result was a completely altered economic situation and structure. Business suddenly found itself in a different position than the previous period. The end of the postwar consensus also put pressures on business communities.

Business in the Post-industrial Era

On the international level, changes in the international economy have put severe strains on the business communities. Indeed, problems such as the explosion of oil prices, the deepening of conflict between successful exporting industries and protectionist producers, and increasing competition between industrialized nations, led

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[73] C. Lindblom, *Politics and Markets*, New York: Basic Books, 1977, 174-175.

to an unstable situation. Further, business was caught in a general decline of profit rates which forced it to contemplate restructuring.

In many industrially advanced countries, business was divided on the potential solution to replace the postwar compromise. However, according to Cohen and Rogers, although business was divided on some issues such as trade and the role of the dollar, a key item received near unanimity in business circles.

> *It was also clear that any restructuring at the domestic level should begin by forcing massive income losses on American workers, thus reducing the temptations to inflation that divided manufacturing and financial interests while eroding profits of both*[74].

Faced with an economic environment they could not control, corporate executives have responded to the crisis by trying to organize production so they can respond flexibly and quickly to change[75]. Such a system, which business helped to put in place, was then perceived as being in the way of flexibility. In other countries, such as Sweden, business has sought to decentralize collective bargaining.

In times of crisis, business usually demands a reduction in labour costs. It also seeks more freedom of manoeuvre in shifting labour and other resources around. High technology producers as well as consumer good producers all want to produce at the world's lowest cost, whatever the price to domestic labour[76]. Business, most

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[74] J. Cohen and J. Rogers, *On Democracy: Toward a Transformation of American Society*. p. 129.

[75] Leo Panitch, "Capitalist Restructuring and Labour's strategies," *Studies in Political Economy 24*, Autumn 1987, p. 137.

[76] Peter Gourevitch, *Politics in Hard Times: Comparative Responses to International Crises*. Ithaca: Cornell University Press, 1986, p. 224.

particularly in the U.S., was in a good position, as early as by the end of the 1970s, to set its agenda which consisted of tax cuts, high unemployment, as well as a general reduction of government involvement[77].

Business in some other capitalist democracies has responded somewhat differently to the crisis. Indeed, business in countries such as Sweden and Norway have adopted a more conciliatory position in the face of change. Because of domestic and historical reasons[78], economic actors in these countries have a history of promoting a politics of compromise. This domestic particularity has also had an effect on economic policy in the face on international change. In fact, this may be because they do not have the choice. Strong external pressures force small countries to adapt in order to maintain their respective economic competitiveness. Interestingly, business has sought the support of government and labour in order to achieve an aggressive export strategy. In Sweden for example, business and labour agreed to devalue the Krona in the early 1980s in order to accomplish this goal. The vulnerability of these small countries before the ever changing international environment, which is explained by their relative dependence on international markets along with their relative internal homogeneity, seems to have fostered a favourable environment for domestic

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[77] J. Cohen and J. Rogers, *On Democracy: Toward a Transformation of American Society*. pp. 129-130.

[78] Several characteristics accounted for this situation: a weak landed nobility; relatively strong urban interests; and a divided Right; a moderate Left; no revolutionary break with the past; and a willingness to share power among political parties. These arrangements were made possible by a weak and divided Right which created conditions favourable to political compromise. The existence of a weak form of feudalism combined with the impact of economic openness on the strength of the urban sector come to explain both the lack of power of a weak and divided Right and the emergence of a moderate Left. P. Katzenstein, *Small States in World Markets: Industrial Policy in Europe*, 1985, p. 189.

collaboration to counter international challenges in an active but flexible way[79].

To conclude this section, it appears that the general perspectives outlined point to the fact that business appears to be better adapted to new change in the international economy. As we have seen, this development does not necessarily indicate that business was more organized than labour to face the new challenges brought by the end of the postwar consensus. It seems rather that business not only maintained its disproportionate advantage in market polyarchy but also took advantage of developments that put it in an even more favourable situation.

While different theorists have stated different perspectives on the activities of labour and business especially in the post-industrial era, some general themes are apparent. Most importantly, we have seen that labour has been weakened in these new economic times. Generally labour must accept some unemployment and even a reduction in wages and benefits. It moreover seeks collaboration with business, often on the latter's terms, in order to maintain some of the benefits it was able to gain during the postwar period. Clearly, the labour movement has had to progressively reconsider its strategies before the new international economic environment. On the other hand, while business also suffers during such periods, it regains its position of undisputed power in its relations with labour. The globalization of the economy allows business to make aggressive demands on labour as they insist on lower costs. With these new economic realities, it would seem that business clearly dominates its

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[79] The recent drive toward further integration to the European Community appears to limit some of the options these countries may have in the future. It could also mean that these new members will henceforth have to play by EC rules. But at this stage, it is only sheer speculation.

relationship with labour.

The following section will introduce the dominant approaches to the study of Québec's political economy and in particular, the activities of labour. We will see that the position of labour in Québec is not totally different from the one of other labour organizations in advanced capitalist democracies. But the history of Québec labour, nationalism, and the province's own position in the North American economic environment have contributed to create a different response.

CONSIDERATIONS ON LABOUR AND BUSINESS IN QUÉBEC

This section attempts to identify and describe what elements, we have seen in our previous discussion, are applicable to the province. We will find that Québec does not entirely fit these models or responses to international economic change. Indeed, Québec's particular evolution in the postwar period and different expectations from labour and business groups have contributed to create a unique situation.

Characteristics of Québec Labour

Like labour in other advanced capitalist democracies, Québec labour has an inferior position within the Québec state. Indeed, it is not on even terms with business in the power arena. First, labour lacks a firm basis of economic power. By this, we mean that it does not play a significant role in production, investment, expansion and other economic decisions. Although some progress has been made, one cannot say that labour has an important influence in these areas. As a result, labour has much less

influence vis-à-vis the government.

Second, it lacks important resources to penetrate and influence, for its own advantage, media and educational institutions. In terms of public opinion, labour also faces a disadvantage visà-vis business. It cannot match the level of expenditures of business associations and individual corporations in public relations. Labour unions, particularly the CSN, have seen their popularity decline to new lows in the 1980s as business leaders were perceived as the new heros of Québec society. As the section on Québec business will demonstrate, labour is seriously overshadowed in these areas.

It is equally obvious that if one compares it with some successful European labour movements, it has limited power resources. Recalling the two elements the power resources theorists identify as essential, which are mobilization and control, it is obvious that these elements are absent in the Québec context.

Québec does not have a highly concentrated and integrated labour movement. Despite the fact that Québec is where the union membership is among the highest in Canada, this aspect is diluted by the fact that labour in the province is composed of a number of fragmented, independent and competitive organizations. The Québec labour movement is divided into 4 main unions. The FTQ (35 percent) and the CSD (4 percent) represent primarily workers in the private sector while the membership of the CSN (24 percent) and the CEQ (9 percent) is predominantly in the public sector. Together they account for about 72 percent of the total of unionized workers. As well, a multitude of independent unions also represent the remaining 28 per cent. These unions represent different interests which has often complicated the formation of

consensus. The competing lines are often divided between private unions (FTQ, CSD) and public ones (CSN, CEQ). As a result, Québec labour has always experienced a lack of organizational strength.

The second power resource, which alludes to control of a leftist political party, is also absent. Indeed, Québec labour unions are handicapped by the absence of an established labour party. In fact, despite having flirted many times with the idea, they have always rejected the formation of a party that would represent the interests and aspirations of labour. Québec labour unions have instead always preferred to remain independent from politics[80].

What sets Québec labour apart from the models we discussed earlier is the pursuit of nationalist goals. We have seen that the lack of resources of labour in polyarchal market competition, mixed with the problem of collective action, has led labour in general to accept to participate in the workings of capitalist societies and to strive for short-term gains. In the case of Québec labour, the postwar era brought a different response. Postwar labour relations in Québec have been shaped by the province's dependent position within the North American economy.

The Duplessis regime believed strongly in laissez-faire and warmly welcomed foreign capital to exploit the province's rich natural resources. During this period, the province's economy was highly dependent on foreign-owned (75 percent was

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[80] Carla Lipsig-Mummé, "Future Conditional: Wars of Position in the Quebec Labour Movement", *Studies in Political Economy* 36, Fall 1991, p. 81. These points will be explained further in Chapter Four.

American) and Anglo-Canadian capital. In fact, these two groups used Québec as a vast reservoir of cheap labour. Importantly, the fact that Québec was dependent on external sources of capital influenced the government's attitude toward labour. Not surprisingly, labour laws were anti-union. This situation of economic dependence sowed the seeds of radical unionism in the late 1960s and early 1970s as labour unions mobilized themselves in an attempt to replace the capitalist system.

During this period, Québec labour unions moved away from their orientation toward short-term gains in the workplace to a more radical syndicalism aimed at political action. The main goal of this approach, which was tied to nationalism, was an attempt to replace the capitalist system. Manifestos such as *The State is our Exploiter* (FTQ 1971), *Let Us Rely Solely on Our Own Means* (CSN 1971), and *Schools in Service of the Dominant Class* (CEQ 1972) were striking examples of labour's nationalist response to the province's dependence on Anglo-Canadian and foreign capital. The aims of this unity were to push for a social-democratic project for Québec. This project was tightly tied to nationalism. Its principal aim was to eliminate the control over Québec society of the Anglo\American capital. The overall discourse of Québec labour can be summarized in a few points.

They agreed, for the most part, that the present state of workers' exploitation in the province had to be eliminated. Indeed, labour union federations[81] believed that the present system represented a double state of exploitation for French Quebecers -- first,

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[81] For reasons we will outline later, the CSD refused to be part of the radical convictions shared by the three labour federations.

as workers, and second, as francophones. Québec, they claimed, was used by foreign multinationals as a reservoir of cheap labour. Moreover, the cultural division of labour that existed in the province at the time put unilingual French-speaking Quebecers in a disadvantageous position in the labour market. The state was also perceived by labour unions as the enemy of workers furthering their exploitation by serving the interests of foreign capital. The state was considered an agent serving predominantly the interests of American, to a lesser extent, Anglo-Canadian and, to a very small extent, Québécois capital[82]. Therefore, instead to seek for short-term gains in a system which exploited the francophone workers, labour union federations believed that social transformation was essential to improve the situation of Québec workers. In other words, what mattered most was to free Québécois workers and the government from the reign of economic imperialism by putting in place a social-democratic society.

As seen earlier, the institutionalization of labour in most capitalist democracies contributed to the political and economic stability of the postwar system. In the case of Québec, its economic dependence on foreign capital contributed to create an unstable situation as labour, instead to strive for short-term gains, attempted to reject the system. Despite its lack of resources and its relative disadvantage in market polyarchy as well as in politics, its seems that labour ought to have accepted to participate in the capitalist structure. It did not. Therefore, Québec, because of its dependent position in the North American economy, did not quite follow during the

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[82] Denis Monière, *Le développement des idéologies au Québec: des origines à nos jours*. Éditions Québec/Amérique, Ottawa, 1977, p. 359.

period from 1945 to 1976 the same behaviour of other labour movements in other capitalist democratic countries.

In the subsequent post-industrialist period, the stance on the part of labour seems to have changed. Not only did labour return to its search for short-term gains, but its overall attitude shifted from confrontation to collaboration. Progressively after 1976, they have once again turned towards a search for short-term material gains through economic tools such as the FTQ's wage earner funds (*Fonds de solidarité*). As well, labour moved towards industrial democracy and appeared to have abandoned its search for full employment. By the early 1990s, this shift appeared to be complete as events, such as the *Forum pour l'emploi* and the *Rendez-vous économique*, unfolded.

According to the previous section, where we have outlined some of the elements that applied to the Québec case, it would seem that we could identify what type of contemporary response we can expect from labour. Two Québec scholars on labour have attempted to explain this shift in attitude.

To Jean-Marc Piotte, the recent shift of Québec labour from a confrontational to a collaborative approach in economic relations is strictly due to the culmination of important political defeats that the Québec labour movement experienced in the last twenty years in the province[83]. Events such as the repression of the Common Front in 1972, the PQ's offensive on public unions in 1982, and the defeat of the CSN at the

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[83] Jean-Marc Piotte, "'Collabos' et heureux de l'être", *Le Devoir*, January 30, 1992, p. B8.

hands of businessman Raymond Malenfant in 1986 are, to Piotte, the main causes that explain the subordination of Québec labour unions vis-à-vis business. Carla Lipsig-Mummé also argues on the basis of an internal explanation[84]. According to her, the three largest unions in Québec are victims of strategic paralysis. She isolates many reasons to explain her case: the moral legitimation of union pluralism, the historical failure of Québec labour to intervene in electoral politics, internal divisions and loyalties within the labour movement, and a distrust of the state. To Lipsig-Mummé, these elements explain why labour has retreated from taking leadership in the nationalist movement. As a result of this weakness, the three unions have converged to embrace the very conservative entrepreneurial nationalism of the new Québec elites predominantly represented by the business class.

According to their analysis, the shift of labour towards the business discourse is directly tied to internal defeats the labour movement experienced within the province in the last decades. Although domestic politics remains important and useful in understanding the recent shift on the part of Québec labour, it would seem that it only contributes to part of the picture. The arguments put forward by these scholars seem strictly concerned with internal conflicts that occur within society. By doing so, they all seem to neglect the influence of the international economy on the behaviour of labour and business in Québec. Whereas it is undeniable that domestic factors have to be considered in explaining the rapprochement between labour and business in

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[84] Carla Lipsig-Mummé, "Future Conditional: Wars of Position in the Québec Labour Movement", *Studies in Political Economy 36*, Fall 1991, pp. 73-107.

Québec, it does not fully explain this development.

Also bearing in mind some of the responses advanced by some of the earlier authors, it would seem that Québec labour appears to have particularly moved closer to Panitch's hypotheses (third and fourth response). But still, Panitch explains that labour in this case has resorted to an offensive against business in the present economic context in order to improve its position. In the case of Québec, it seems that labour has rather acted from defensiveness. As a result, it would be untrue to argue that the province's labour unions have followed exactly Panitch's conclusions. As we will see, other factors come into account in explaining this rapprochement between labour and business in Québec. Chapter Four will attempt to explain in depth this development.

As outlined earlier in this chapter, globalization has effectively altered the balance of power between labour and business in advanced capitalist democracies. In fact, the nationalist element present within the province and its struggle to compete in increasingly specialized international markets are other variables that must be taken into account. Still, the dominant theoretical perspectives on the activities of labour in Québec seem to ignore this important dimension.

Characteristics of Québec Business

The situation of the business community is also particular to Québec's history. In the postwar years, as we mentioned earlier, the province's economy was largely dominated by Anglo-Canadian and American capital. This situation of influence would

prevail until the late 1970s.

The francophone business community, as it existed before 1960, was reasonably important. The 1931 and 1941 census showed that approximately 60 per cent of owners and managers in the Québec economy were francophones[85]. However, this position would deteriorate in the postwar years as a flood of American investments would settle in Québec. The waves of American investments in the 1950s created two developments. First, it provoked the loss of control of the more dynamic francophone companies. Second, it widened the gap between francophone and anglophone capital. The results soon became apparent.

According to a well known study of the economist André Raynauld, Québec capital was dominated in every sectors, except the wood industry, by Anglo-Canadian and foreign capital[86]. Furthermore, it was on top of the list regarding the smallest enterprises, had the lowest productivity, exported less and gave the lowest wage[87]. Another problem was the absence of Francophones at the decision-making level of private enterprises. Although, as just indicated, the control of the economy by Québec francophones was estimated at 60 per cent in 1941, it dropped to 47 percent by

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[85] Cited in Yves Bélanger, "Economic Development: From Family Enterprise to Big Business," in A.G. *Quebec: State and Society*, 2nd Ed. p. 390.

[86] André Raynauld, *La propriété des entreprises au Québec*, Montréal: Presses de l'Université de Montréal, 1974.

[87] *Ibid.*

1961[88]. This drop is explained by the important outflow of U.S. investment following World War II which gave Americans the control of 14 per cent of the province's economy. Anglo-Canadian capital controlled 39 per cent that same year (1961).

Efforts in Québec, however, would turn the tide around. Active state intervention during the 1960s and 1970s, which led to the creation of the Caisse de dépôt et placement and other tools for economic development, was to be an important factor. The Québec State also initiated a preferential purchasing policy and an industrial development strategy. This strategy was not only aimed at integrating Québec's economy into the North American market but also at stopping the economic decline of the province and at consolidating the economic position of Québec francophones.

Within this context, Québec capital became more concentrated and cohesive. Indeed, francophone control increased to 55 percent in 1978 and continued to rise later reaching 61 per cent in 1987. These gains were made at the expense of Anglo-Capital between 1961 and 1978 whereas between 1978 and 1987 they were made at the expense of foreigners. These policies during the Quiet Revolution also contributed in strengthening the traditional position of Québec firms in sectors such as finance, commerce, food and beverage, and wood and furniture. They also helped Francophones to make breakthrough in new sectors such as transport equipment,

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[88] André Raynauld, "Les enjeux économiques de la souveraineté." Brief presented to the Conseil du patronat du Québec, October 1990, pp. 37-38.

plastics, and primary metals[89].

This situation also created a favourable environment for Québec business to organize itself and to play an increased role in Québec's society. In addition to the Québec wing of the Canadian Manufacturers Association, the Québec Chamber of Commerce, and the Montreal Board of Trade, associations with francophone business interests were growing. The Conseil du Patronat du Québec (CPQ) was founded in 1969 to counter the rise of the labour movement and the increasing intervention of the government in the economy[90]. Soon the CPQ became a powerful voice representing business interests in Québec politics. By the end of the 1980s not only would the representation of francophones in Québec's economy regain the ground lost during the postwar period, but would also assert an obvious leadership role. Its increasing power within the Québec economy brought its associations into regular contact with government. Increasingly, the francophone business class was taking over the role and influential position that foreign and Anglo-Canadian capital had traditionally played in the province up to that point. As francophone business was increasingly establishing itself, it was able to tie economic policy-making to its main objective of developing and strengthening local capital in order to make it more competitive and to adapt it to

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[89] Yves Bélanger, "Economic Development: From Family Enterprises to Big Business," in A.G. Gagnon, *Québec: State and Society*, 2nd Ed., Scarborough: Nelson Canada, 1993, p. 400.

[90] Guided by principles such as laissez-faire, the Conseil du Patronat opposed active state intervention during this period even though such policy was aimed at benefiting Québec capital.

modern economic structures[91].

As seen earlier, business' position is more advantageous from a positional standpoint than labour. In other words, business associations, because of their privileged position in polyarchal market economy, are in a better position to impose some of the terms of their own economic vision on other groups such as government and labour. In the case of Québec, business also possesses most of those elements of influence.

First, business has a privileged relation with government. Although relations were tense when it took power, the Parti Québécois soon adopted bourgeois policy as it reassured business that it was not a threat to capital. Policy document such as *Challenges for Quebec* (1979) and *The Technology Conversion* (1982) showed that the PQ had henceforth adopted a pro-business agenda. Under the neo-conservative Liberal government, the business-government relationship was well established as many of Bourassa's influential ministers came from and had strong ties to the private sector. As francophone business was increasingly having an impact on society, government established a closer relationship with it and provided this new group with new policies adapted to its needs.

Its control over the media and public opinion is quite noticeable. Pierre Péladeau, President of Quebecor, owns the great majority of newspapers in the province while Paul Desmarais, CEO of Power Corporation, owns the largest daily *La*

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[91] Y. Bélanger, "Economic Development: From Family Enterprise to Big Business," in A.G. *Quebec: State and Society*, 2nd Ed. p. 391.

Presse.

In term of the public attitude vis-à-vis business, the situation has not ceased to improve since the early 1970s. Gallup polls have consistently demonstrated that business people within Québec society have become the most respected and trusted individuals in the province[92]. Furthermore, as early as 1978, one third of Canadian business school students were enroled in Québec's institutions and, by the mid-1980s, Québec's six major business schools graduated about four hundred MBAs per year[93]. Interestingly, although 90 percent of the *École des hautes études commerciales* (HEC) graduates flocked to the public sector in 1970, only 5 per cent did in 1985[94].

As Kalecki pointed out earlier, lasting full employment is not to the liking of business. Indeed, Québec business, not unlike other business groups in advanced capitalist democracies, perceives unemployment as an integral part of the normal capitalist system. Full employment is also rejected because business believes that its power would be reduced substantially in a full employment situation. Having a large reserve of unemployed makes it easier to discipline workers if necessary.

Another important element is nationalism. Québec business has evolved into what has become known as *Quebec Inc*. Although it is outward-minded, as its overwhelming support for free trade with the U.S. has shown, its principal centre of

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[92] Michael Clugston, "Going flat out," *Canadian Business* 58:5, May 1986, p. 23.

[93] Alain G. Gagnon & Mary Beth Montcalm, *Quebec: Beyond the Quiet Revolution*, Scarborough: Nelson Canada, 1990, p. 122.

[94] *Ibid.*

identification is Québec. As well, its state of dependence on external markets also make the Québec business community sensitive to the changing global economic environment.

CONCLUSION

According to the literature we have examined so far, the recent changes in the international economy have amplified the pressures put on the major groups responsible for economic development. It would seem that Québec cannot escape this phenomenon that societies around the world are facing. As a result, we can speculate that business and labour, particularly, have had to modify their approach considerably in order to adapt to the new realities of the global market.

As Chapter Two and Three will demonstrate, Québec labour unions have effectively shifted their attitude from confrontation to collaboration. Labour's efforts since the early 1980s have increasingly been focused on the need for industrial democracy. Since its few power resources have been even more diminished after numerous political defeats in the 1970s and 1980s, labour concluded that it is in the workplace that efforts ought to be made to achieve democracy for workers. Labour believes that in putting its emphasis on the development of a highly skilled labour force, it could result in the enhancement of its power in the workplace. As well, by the end of the decade, all four labour unions took part in discussions on the employment question along with business and came to accept the notion of job quality over job quantity. By then, it was apparent that labour had become co-operative and had

abandoned demands such as full employment. These somewhat co-operative approaches indicate a shift of attitude on the part of labour from confrontation to collaboration. It would also seem that the recognition of the vulnerability and fragility of Québec's economy in the current international economic order, as well as its relative dependence on external markets, have contributed to develop this collaborative mood among labour and business.

The following chapters will investigate the relevance of these theoretical perspectives for the specific case of Québec and the activities of labour and business within the province. A general theoretical understanding of the activities of both economic actors provided above prepares us to consider perspectives specific to Québec.

With the analytical framework and context set, we can now move to the next chapter which will explore the specific environment of this study. An historical overview of Québec's economy between 1976 and 1985 reveals its relevant characteristics. This information allows us to consider the evolving arrangement between business and labour up until the present time, in Chapter Three. Finally, Chapter Four will explain the causes of the rapprochement described in the preceding chapter.

Therefore, in order to address what we believe to be a missing element in most assessments of the recent activities of Québec labour and business, we base this study on precisely that which other theorists have overlooked. This research focuses, although it considers domestic politics important, on the external pressures of the

international economy on the economic actors of Québec.

CHAPTER TWO: *Competing Visions*

> *Ce qu'il faut bien comprendre, c'est que le tripartisme est essentiellement un mécanisme d'intégration des organisations ouvrières; il se fonde sur le postulat selon lequel le patronat, les gouvernements et les syndicats auraient les mêmes intérêts. Nous savons par nos luttes que cela est faux.*
>
> Centrale des syndicats nationaux[95]

INTRODUCTION

The chief purpose of this chapter is to set a background for the main argument we will develop in the next two chapters. Chapter Two will therefore expose the different ideologies present in the province of Québec between 1976 and 1985. We will see that three main ideologies competed against one another during this period: Technocratic corporatism as imposed by the Parti Québécois; social-democracy as defended by labour unions; and economic liberalism as advocated by business associations. As we will mention, despite some efforts in attempting to bring economic agents together, no consensus on a social project based on economic policy developed. On the contrary, ideological differences ran deep as each group attempted to impose its vision on the others.Then, as the economic agents faced economic change, conflicting rather than co-operative relations marked this period. Intensifying these ideological differences was the militancy of labour unions during the period. Despite

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[95] Centrale des syndicats nationaux. "Document de travail sur la politique de présence de la centrale." CSN, April 28, 1984, p. 1.

this militancy, labour still experienced some important political defeats that would have an impact on the response it would develop in the late 1980s.

In order to appreciate the various changes that have occurred during this period, we will first provide an historical overview of the socioeconomic environment as it existed during the period. Then, in order to make sense of the developments that occurred during this time, we will examine the different economic visions expressed by the Parti Québécois, labour, and business. While we are chiefly concerned with the movements and activities of labour and business, it is essential to first expose the ideas of government as an economic actor in this section. During the period under investigation, government played a key role in the establishment of the economic environment to which labour and business responded. As a result, although we will see its role later significantly diminished, the ideology and activities of government must be appreciated during this time in order to appropriately consider the positions of labour and business.

The competing visions of government, labour and business will be explained by their ideology and by mentioning how they reacted to the environment of the period. This approach will enable us to have a clear picture of where the economic agents stood ideologically from 1976 to 1985. Finally, we will conclude by assessing any signs of transition between the groups. This approach will set the foundation for the construction of the main argument in the next chapter.

AN UNSTABLE ECONOMIC ENVIRONMENT

The socioeconomic situation that prevailed from 1976 to 1985 was an unstable one in Québec. The oil shock of 1973, and the economic crisis that followed, pushed the unemployment level to 8.7 per cent. This proved to be alarming since the unemployment rate had steadily maintained itself at about 6.8 per cent in the province between 1962 to 1974. Furthermore, the rise of oil and high inflation after 1973 prompted in turn increases in the price of food and primary industrial goods. This conjuncture resulted in especially tense industrial relations as labour union federations adopted a confrontational approach towards both the government and the business community. Workers, especially in the private sector, responded to the rise of inflation by attempting to re-open collective agreements which resulted in bitter strikes[96]. As a result, the amount of working days lost increased by 48 per cent from 1966-1970 to 1971-1975[97]. This not so envious situation put Québec among the leaders in the industrialized world in terms of strikes and lockouts[98]. To make matters worse, the Bourassa government, following its federal counterpart, adopted Bill 64 which called for a wage freeze in the sectors under its control. This decision on the part of the

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[96] Some studies in labour relations have attributed these increases in strikes to factors such as the high growth of syndicalism since the mid-1960s, the decentralization in small negotiation units, the industrial structure based on natural resources, and the high expectations of unionized Quebecers towards social transformation.

[97] Jacques Rouillard, "Le militantisme des travailleurs au Québec et en Ontario. Niveau de syndicalisation et mouvement de grèves (1900-1980)", *Revue d'histoire de l'Amérique française*, vol. 37, No. 2 (September 1983), p. 217.

[98] Brian Tanguay, "Concerted Action in Québec, 1976-1983: Dialogue of the Deaf" in A. G. Gagnon, *Quebec: State and Society*, 1984, p. 370.

Bourassa government prompted the FTQ president Louis Laberge to describe it as the *offensive la plus dangereuse jamais vue contre les travailleurs et le mouvement syndical*[99]. Other measures, such as anti-strike legislations in the construction, health and education sectors, came to amplify the existing tensions between labour unions and the Bourassa regime. Being identified as a *valet-de-l'impérialisme*[100], the Bourassa government became subsequently labour's number one enemy. The FTQ president, Louis Laberge, expressed well, once again, the profound antipathy labour union representatives had towards the Bourassa government when he qualified the regime as being *le gouvernement le plus acharné, dans l'histoire du Québec, à vouloir détruire le mouvement ouvrier*[101].

The situation did not improve significantly during the tenure of the Parti Québécois. Even though the election of the PQ was well received in some circles, the honeymoon was shortlived. The technocratic corporatist approach of the new government, and its notion of domination of the State over society, was pictured as authoritarian by all groups. Furthermore, labour was to face some important political defeats that would weaken even more its already inferior position in market polyarchy and in politics. This situation was to last until the PQ's electoral defeat in 1985.

In order to understand fully the unstable environment that prevailed during the

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[99] François Cyr and Rémi Roy, *Éléments d'histoire de la FTQ: La FTQ et la question nationale*. Éditions coopératives Albert Saint-Martin, 1981, p. 155.

[100] *Ibid.*, p. 149.

[101] *Ibid.*, pp. 145-146.

PQ era, it is essential to explain the vision of society the Parti Québécois had during its tenure in power. Following this, we will paint an ideological picture of labour and business as well as their reactions to the socioeconomic environment set by the PQ. This section will demonstrate that Québec is a complex society that is criss-crossed by many ideological currents. This overview will establish the existence of contradictory and competing visions amongst the economic agents of the province.

COMPETING VISIONS

Parti Québécois: Technocratic Corporatism

The arrival of the Parti Québécois in power marked the beginning of a *temps nouveau* where many Quebecers believed that anything was possible. The PQ, as did many governments of Western capitalist nations during this period, believed in the capacity of governments to be an instrument of social change. They felt government had the capacity to mould and shape society. As a result, the PQ government sought to implement a type of approach that would enable it to manage social relations in concert with the new economic environment. This approach has been termed technocratic corporatism.

The technocratic corporatist approach, aimed at managing change, can be more precisely characterized as a process where the state, through an *enlightened domination*, dictates the common route to follow to the economic agents. Pierre Jalbert defines this approach as follows:

> *Quant au terme de corporatisme technocratique, il désigne le processus d'intégration dans les structures de l'État des agents de la société civile ainsi que le rapport de domination, c'est-à-dire l'influence déterminante que l'État exerce sur l'ensemble de cette société afin que se réalise les aspirations de la technocracie d'État, à savoir la poursuite du développement dépendant tout en cherchant, dans la mesure du possible, l'autonomisation de la société par rapport à l'influence étrangère*[102].

Jalbert goes on to state:

> *Cette integration, qui vise à rendre l'État plus performant, nous incite à parler de domination "éclairée" lorsque l'on affirme que la concertation a favorisé la domination de l'État sur la société québécoise. Elle a permis à l'État de définir des normes de fonctionnement de l'organisation sociale en favorisant les intérêts de la classe dirigeante technocratique, tout en prenant le pouls des autres agents sociaux, tant syndicaux que populaires*[103].

In other words, the Lévesque government searched to institutionalize social relations in order to achieve economic growth, job creation and social peace. As a result, the government created some institutional structures aimed at regulating change and co-opting the economic agents to its vision. Among these structures were the organizing of tripartite economic conferences (Socioeconomic conferences, 1977-1985), a commission on labour relations (Beaudry Commission, 1984-85) and a round table on full employment (Table nationale sur l'emploi, 1985). Although, it looked plausible in theory, this approach did not fare as well in practice.

Although labour unions were instrumental in the PQ victory, the newly elected party made clear that it would not represent solely the working class but all classes

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[102] Pierre Jalbert, *La concertation comme mode étatique de gestion des rapports sociaux*. Unpublished Ph.D. thesis, Université de Montréal, June 1990, p. 57.

[103] *Ibid.*, p. 414.

within Québec society[104]. The Lévesque government opted for a grand reconciliation of classes within a planned, efficient economy[105]. It also tried to make sure that labour and business would come on side by offering them both some concessions.

In order to make its plan viable and attractive to labour federations, the PQ made efforts to illustrate its *préjugé favourable* vis-à-vis labour and that it was a progressive administration in social and economic matters[106]. It recognized that syndicalism was an *élément normal et indispensable à la vitalité économique, sociale et politique du Québec*[107]. The PQ also accepted their demands by establishing the *Rand formula*, making union dues obligatory, and by passing *Bill 45*, forbidding the use of scabs during a strike[108].

By the same token, it also sought to appease business's fears about the PQ's social-democratic agenda[109]. It did so by attempting to convince the business community that the new government contemplated no radical changes in the functioning of the capitalist society[110]. Indeed, the PQ government, during the

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[104] J. Rouillard, *Histoire du syndicalisme au Québec: des origines à nos jours*, p. 423.

[105] B. Tanguay, "Concerted Action in Québec...", p. 371.

[106] *Ibid.*, p. 372.

[107] Parti Québécois. *Ce pays qu'on veut bâtir*, 1968, p. 31, in J. Rouillard. *Histoire du syndicalisme au Québec*, op. cit. p. 423.

[108] J. Rouillard, *Histoire du syndicalisme au Québec*, p. 423.

[109] One must add that, before taking power, the PQ had very little ties with the business community. As we will see, economic conferences were an opportunity to get in contact with its main leaders.

[110] B. Tanguay, "Concerted Action in Quebec..., p. 372.

Montebello summit in 1979, recognized the necessity and legitimacy of profit[111]. More importantly, it agreed that the key role in Québec's economic development ought to be played by the private sector[112].

Despite these efforts to bring the economic actors to a consensus, achievements were very limited. The technocratic corporatist approach of the PQ government, and its principle of the domination of the state on economic agents, were very unpopular among all labour and business representatives. The government left little room for business and labour to influence or elaborate upon their policies. This approach, for the most part, alienated both groups which called the PQ approach *authoritarian.*

As well, the Lévesque government faced the same fate of many leftist governments. Facing limitations of leftist politics, the PQ progressively became bourgeois which alienated and frustrated labour unions. Its favourable discourse towards workers eventually gave way to a bourgeois approach. Reforms in the labour code were limited and the PQ did not hesitate to use the big stick against labour during the 1982 public service strike. These actions, demonstrated to labour, that the PQ's claim of having a *préjugé favourable* vis-à-vis the workers was nothing but an illusion.

As a result of this failure, the PQ altered drastically its ideology by the end of the period as it retreated from its regulationist stance. There were early signs of this in

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[111] *Ibid.*

[112] Gouvernement du Québec, "Conférence au sommet de Montebello, Rapport," Bibliothèque nationale du Québec, Mars 1979, p. 214. Cited in B. Tanguay "Concerted Action in Quebec," p. 372.

the PQ document *Bâtir le Québec* (1979), and this change in the nature of the role of the government in economic affairs became clearly a reality during the Table nationale sur l'emploi held in 1985[113]. At this time, it was apparent that the government had decided to significantly alter its role. Government opted for a more supportive role, as opposed to an active one, in regards to economic policy.

Labour: Social-Democratism

As we have examined in the previous chapter, labour has tended to be moderate during the post-industrialist era. Québec labour unions federations, however, acted rather militantly during the early part of this period. Indeed, what characterized the labour movement, just prior 1976, was its radical discourse on social transformation. Tied to this discourse of social change was the ideology of social-democratism. Under this ideology, labour unions were seeking substantial short-term gains within the system.

According to labour, a strong welfare state representing the interests of francophone workers was essential in order to eradicate the double state of exploitation of francophone Quebecers -- as francophones and workers. In the same breath, they believed that the Québec state had to become an important economic agent. It was believed that, by achieving a greater control of the means of production through a wider role of the state in the economy, the fortune of the francophone workers would

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[113] Gouvernement du Québec. Secrétariat à l'emploi et à la concertation. *Une stratégie de plein emploi: Nouvelle orientation pour le Québec*, August 1985, Bibliothèque nationale du Québec, pp. 47-49

at the same time improve. The government had to also show leadership in order to reduce social disparities and inequalities and make jobs, education and health care accessible to the population at large.

Within this concept of social-democracy, economic democracy was also important particularly to the FTQ, the CSD and the CSN. These unions shared the conviction that the nature of the present economic system was undemocratic since workers were not accepted as an equal partner by government and business. They demanded as well rights in the workplace. The massive syndicalization of the workers was another essential element in the realization of a social democratic society. Without being unionized, the non-unionized workers were at the mercy of the employers.

Although labour essentially agreed on these points, there are nevertheless some degrees of philosophical differences between the labour unions. These differences about the means to achieve this ideal are important to outline. We will see from this investigation, labour in Québec is not a monolithic group. The different approaches can, in turn, be subdivided into three brands of syndicalism.

Collaborative Syndicalism

The early 1970s were years of radicalism for the *Fédération des travailleurs et travailleuses du Québec* (FTQ). Overall, the FTQ wanted to *humanize*, through Marxist-inspired social transformation, the capitalist system. However, following the

collapse of the Common Front[114] in 1973, the FTQ altered its radical discourse for a more moderate one. Despite its criticisms, the union did not condemn capitalism entirely although it would have liked to bring to it a number of reforms[115]. As a result, the radically socialist positions stated in documents, such as *Le combat inévitable* and *L'État, rouage de notre exploitation*, were put aside. Henceforth, the FTQ saw one main avenue to achieve a social-democratic society and it was through collaboration with the PQ.

Having abandoned its idea of a labour party, the FTQ opted to return to its previous role of lobby group with the election of the PQ in 1976. Although it had a confrontational approach vis-à-vis the Bourassa government, the federation decided, despite many hesitations, to collaborate with the newly elected government. In fact, the FTQ went as far as to offer its collaboration for *toutes les initiatives qu'il prendra en faveur des intérêts de la classe ouvrière*[116]. This idea of collaboration was motivated by what was perceived to be a favourable *social-democratic* Parti Québécois, *la force politique la plus sympatique aux revendications des travailleurs*[117]. The following excerpt exemplifies well the type of attitude the FTQ had vis-à-vis the PQ:

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[114] The Common Front was composed of the three labour federations: the FTQ, the CSN, and the CEQ. The Front was instituted to create a situation of central bargaining vis-à-vis the State. It failed however. The FTQ also faced an additional loss as many of its members left to join the CSN.

[115] J. Rouillard, *Histoire du syndicalisme au Québec*, p. 318.

[116] François Cyr and Rémi Roy, *Éléments d'histoire de la FTQ: La FTQ et la question nationale*. Laval: Éditions coopératives Albert Saint-Martin, 1981, p. 158.

[117] *Ibid.*, p.156.

> *Notre attitude face à ce gouvernement ne peut être le même qu'avec les gouvernements précédents. Son indépendance relative face aux employeurs et ses projets de réformes le rapproche de nous. Aussi les propositions facile à prendre au niveau fédéral au sujet du tripartisme face à un gouvernement vendu à l'entreprise privée ne peuvent pas être transposées sans discussion face à un gouvernement québécois ayant des volontés sociales-démocrates*[118].

By collaborating with the PQ, it was hoped that the FTQ could influence some of the PQ economic and social policies. Evidence of this support for the Lévesque government was seen in the participation of the unions in the several corporatist initiatives the PQ put forward during its years in power. Among others, the FTQ attended socioeconomic conferences, the Beaudry Commission and the Table nationale de l'emploi. This decision to increase collaboration with the government brought some dividends. The FTQ was able to get some short-term gains such as Corvée Habitation, anti-scab provision in the Labour Code, and government support for the Fonds de solidarité. This support also meant the acceptance of the PQ's sovereignty-association platform. Although it never explicitly endorsed independence for the province, it supported the PQ strategy to negotiate a better deal for Québec.

It is apparent that the FTQ thought it could combine collaboration with a nationalist party with the pursuit of social-democratic goals[119]. Although some short-term gains were achieved, this approach proved to be contradictory as the PQ, facing limitations of leftist politics, subsequently showed its true bourgeois colours during the

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[118] *Ibid.*, pp. 158-159. In *Le Monde ouvrier*, special edition, February 1977.

[119] Carla Lipsig-Mummé, "Future Conditional: Wars of Position in the Quebec Labour Movement", *Studies in Political Economy*, 36, Fall 1991, pp. 93-94.

1982 crisis. The FTQ subsequently grew disillusioned with this approach[120].

Concerted Syndicalism

The CSD was different from the other unions because of the circumstances that led to its creation in 1972. Uncomfortable with the radical discourse of the CSN and feeling that the union federation was taken over by intellectuals with revolutionary aims, the more traditional and conservative elements within the CSN, opted to leave the federation. The increasing marginalization of the preoccupations of a number of workers, at the expense of a greater politicization of syndicalism based on class struggle, made these traditional elements, regrouping workers from the manufacturing sector, feel that the CSN was no longer close to their syndicalist convictions. The general sentiment was that the workers had lost control of the federation at the expense of intellectuals who were not in touch with their real needs and preoccupations. The CSN's ideology of confrontation made these traditional elements feel uncomfortable. To them, co-operation with government and business was a far more viable alternative. As such, they rejected the new intellectualism of the CSN. These reasons prompted their departure from the CSN where they went on to create another union, *la Centrale des syndicats démocratique* (CSD), closer to the ideals they

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[120] There was some glimmers of reconciliation in 1985 but it proved to be too late. Indeed, the FTQ was probably the most enthusiastic about the PQ's Table nationale sur l'emploi than any of the other social partners. The TNE had for primary goal the establishment of favourable conditions to achieve full employment. For the FTQ, the creation of the *Table nationale sur l'emploi* was a victory for the labour movement. However, the PQ was defeated later that year and the initiative died as a result. Pierre Fournier, *La concertation au Québec: étude de cas et perspectives*, Bibliothèque nationale du Québec, 1986, p. 12.

claimed the CSN had lost. Among the great principles endorsed by the newly formed CSD were two themes: Concertation[121] with government and business, industrial democracy and full participation of the workers in the workings of the union. The ideological culture of the *Centrale des syndicats démocratiques* was therefore characterized more by its opposition to the CSN.

The most important point that distinguished the CSD from the CSN, was its willingness to participate in the capitalist structure. Although the CSD criticized the capitalist system for being the source of many forms of inequalities, it believed nonetheless that confrontation was not the answer to the improvement of workers' conditions. Concerted action with government and business was perceived as the better solution.

Further, while the CSN saw political struggles as the way to improve the situation of workers, the CSD, on the other hand, believed that it was in the workplace that workers ought to concentrate their struggles[122]. Indeed, once industrial democracy would be secured in the workplace, the union thought that democracy would eventually extend to society as a whole.

This element of democracy was also an important concept within the workings

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[121] The term concertation, as it was understood during the PQ period, is important to define. To labour unions, concertation referred in general to collaboration between groups, such as government, business and labour, as equal partners. Still, in the case of the FTQ, concertation applied mostly with the government. To business, it also meant collaboration but without compromising its role of authority within the capitalist structure. As we proceed further in the paper, the significance of the term concertation will evolve.

[122] G. Gaudette, "La culture politique de la CSD," *Recherches sociographiques*, 1, 1977, p . 61.

of the union. Indeed, wanting to avoid the error of the CSN, the CSD had a more populist approach in its organizational functioning and structure. Indeed, workers at the grassroots level were directly involved in the process. Importantly, based on this democratic approach, the CSD claimed not to represent any particular ideological current. On issues such as Québec independence, for example, it preferred to leave each individual member to interpret this issue as he or she wished[123].

Finally, the CSD also supported, as did the other unions, greater intervention of the government in the economy, democratic institutions, a better access to unions, and income security. The CSD represented therefore a more traditional view of syndicalism.

Despite its willingness and efforts to participate within the capitalist structure, the CSD nonetheless alluded to the realization of the limitations of the concerted approach. One reason that explained this situation was the relative isolation of the CSD from the other unions. The events that led to its creation made the union an unwelcome member in the labour movement. Another important reason was the CSD's exclusion in the decision-making process of governmental initiatives. As mentioned earlier, the PQ was not ready to consider unions as equal partners around the negotiation table.

As a result of these obvious limitations, the union began to concentrate its efforts within the workplace. This approach, it believed, could result in provincial

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[123] J. Rouillard, *Histoire du syndicalisme au Québec*, p. 353.

concertation since it would naturally be the extension of participation within the workplace[124].

The facts, however, that the CSD represented only 4% of the total unionized labour force, which was almost entirely in the manufacturing sector, and its isolation from the other unions, had and continued to be a serious handicap. This, therefore, explains the vulnerability of the union and also its willingness to participate, through concerted action, in the capitalist workings of Québec society.

Confrontational Syndicalism

The *Centrale des syndicats nationaux* (CSN) and the *Centrale de l' enseignement du Québec* (CEQ) presented a different case than the other unions we have seen so far. They are unique from the others because of their radicalism vis-à-vis the capitalist system.

To the CSN and CEQ, capital constituted a superpower which controlled the economy and the state and prevented the realization of a real democracy[125]. With confrontational syndicalism, the CSN and the CEQ aimed, in the short-term, to limit the exploitation of Québec workers and, in the long-term, to change the capitalist

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[124] Centrale des syndicats démocratiques, "Pour un code du travail renouvelé et adapté aux réalités socio-économique modernes." Brief presented before the Beaudry Commission, December 20, 1984, p. 71. To facilitate this endeavour, the CSD proposed that the Labour Code include measures in four fields aiming at encouraging participation and genuine concertation contracts. The four fields are: economic and commercial information, productivity, investment, and management.

[125] J. Rouillard, *Histoire du syndicalisme québécois*, pp. 338, 363.

regime which was at the root of their exploitation[126]. One of the solutions to end this exploitation was associated with Québec independence. In this case, they maintained that independence would attenuate the oppression of the Québec people and would create, in turn, a better environment for the construction of a new society[127].

Not surprisingly, relations with the private sector were tense throughout the period. Conflicts were frequent on an array of issues. The CSN, which represents workers in the private sector,[128] often accused the Québec business associations' economic discourse of being anti-social[129]. It accused them as well of opposing the anti-scabs law and the right of workers to organize[130].

The CSN and the CEQ also remained distrustful of corporatist structures as initiated by the PQ government. Although these unions did participate in some tripartite initiatives organized by the PQ, they soon realized that these meetings would not achieve much. These unions denounced the unilateral character of the PQ government's initiatives and complained that labour was prevented from actively participating and influencing the process of policy-making. For its part, the CSN

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[126] *Ibid.*, p. 342.

[127] The CEQ, however, altered its position during a consultation in 1979 as 70 per cent of the members rejected the idea to link independence to a social project for the workers. See: J. Rouillard, *Histoire du syndicalisme québécois*, p. 369.

[128] This section is only pertinent to the CSN. Member workers represented by the CEQ are almost exclusively in the public sector. See data in the introduction.

[129] Centrale des syndicats nationaux, *Document de travail sur la politique de présence de la centrale*. CSN, April 28, 1984, pp. 28-35.

[130] *Ibid.*, p. 29.

remained distrustful of this approach throughout the period[131]. The CEQ's opposition to corporatism was not something new. The union had first rejected this approach in 1971 preferring the principle of syndical independence vis-à-vis the state[132]. Subsequently, they went as far as to reject the notion of tripartism. By the end of the PQ tenure, they reduced their presence in these types of tripartite initiatives.

In this survey of labour's attitudes, it has been possible to isolate some zone of agreement among labour unions. All supported the ideal of social-democratism. Within this ideal, they were in favour of a strong welfare state, full employment, a better redistribution of collective wealth, greater unionization, employment security and better working conditions. It also appeared clear, however, that despite a common willingness to see a social-democratic Québec, different means to achieve this ideal were apparent among labour unions.

The FTQ and the CSD, although they complained about the state of exploitation the Québec workers were victims of, sought to improve their position through collaboration and concertation. In this way they thought they could realize substantial short-term gains within the system.

The CSN and the CEQ, on the contrary, were suspicious of the PQ government from the outset. As a result, they had a more radical approach in order to achieve their goal of a social-democratic Québec. Contrary to the FTQ and CSD, these unions

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[131] The CSN especially refused to take part in these gatherings. Often, it would participate but only as an observer as it was the case at the Table nationale sur l'emploi in 1985.

[132] Centrale de l'enseignement du Québec, Brief presented before the Beaudry Commission, December 1984, p. 37.

resisted participation in bourgeois institutions. They believed that confrontation was a better way to improve the situation of Québec workers. With this approach, they maintained that they could limit the exploitation of Québec workers and subsequently change the capitalist regime which was at the root of their exploitation.

Although its support for the PQ won labour some gains such as the anti-scab legislation, the Rand formula, and the *Fonds de solidarité* (FTQ's wage earner fund), labour unions nonetheless experienced some important political defeats that would considerably alter the balance of power in the province. The break up of the Common Front in 1972 was the prelude to political hardship for labour.

As we outlined in the previous chapter, labour is already in an already inferior position in market polyarchy. This weakness would progressively advantage business by the end of the PQ period. The events surrounding the Common Front of 1972 are worth mentioning since they set the tone for the PQ period.

What characterized this Common Front was the unity of purpose within the labour movement (it regrouped the CSN, FTQ and CEQ) and the radical tone used by its leaders. The 1972 contract negotiation with the public sector, reunited an unprecedented 200,000 public and parapublic sector workers. The leaders agreed that the Quiet Revolution failed to benefit the working class, they called for an end of the dependent position of Québec within the North American economy, and for a replacement of the capitalist system. However, these demands never translated into reality. The Bourassa government countered by establishing a provincial bargaining structure and by determining the principles governing the negotiating round (Bill 46).

Negotiations, however, soon went into a deadlock and resulted in a massive general strike involving 200,000 workers. The government responded with immediate back-to-work injunctions and legislated an end to the strike two weeks later (Bill 19). In the meantime, the Common Front leaders were sentenced to one year in prison for having ignored the injunctions. The failure of the Common Front would result in division within the Québec labour movement.

The Alliance des professeurs de Montréal dissociated itself from the Common Front on the eve of the general strike when it accepted the terms of the government's offer. The CSN saw a group of its members leave the federation to form another union (the CSD). Furthermore, by the end of 1972, both the CSN and the FTQ began to raid construction unions represented by the other. This resulted, not only in tensions between both union federations, but also in the establishment of the Cliche Commission (Royal Commission of Inquiry on Industrial Relations in the Construction Industry)[133]. Finally, the only spirit of unity that was left resided in their common willingness to defeat the Bourassa government at the provincial election.

Despite this common goal, labour leaders continued to refuse to form a labour party which would represent the interests of the working class. As we briefly indicated in Chapter One, labour federations have traditionally opposed such a scheme and have always preferred to remain independent from politics. Instead, they have put their faith

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[133] The Commission found that elements of the FTQ leadership had secured government support in their battle for members with the CSN. Kenneth McRoberts & Daniel Postgate, *Quebec: Social Change and Political Crisis*, 2nd ed. Toronto:McClelland and Stewart, 1980, pp. 191-92.

in what they then perceived to be a *social-democratic* Parti Québécois. The honeymoon between labour and the PQ, however, would rapidly deteriorate.

The most important defeat of the period came during the 1982-83 recession[134]. The government decided to attack its own deficit by adopting Draconian measures in its dealings with public servants[135]. During an economic summit held in Québec City in 1982, the Lévesque government warned labour and business leaders that it would not raise the deficit to pay current expenditures. Although it blamed the Bourassa government for its big stick approach vis-à-vis labour unions, the PQ did not hesitate to use the same tactic during the public service strike in 1982. It first adopted Law 68 that modified their retirement fund and which would save the government $700 million on a three year period. It also passed Law 72 which restricted the right to strike to labour unions and presented Law 105 to impose provisions of the new contracts for the next three years. The latter represented a wage cut of about 21 per cent for the period.

Still loyal to Keynesianism, the labour union leaders refused to believe in the

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[134] The 1982-83 recession was the worst since the 1930s and its effects were felt hard in Québec. Tens of thousand of companies went out of business; unemployment reached the astronomical level of 15.9%; the economy declined by 6.3%; government revenues were reduced, budget deficits burgeoned, and interest rates skyrocketed to 21.5%. See, J. Rouillard, *Histoire du syndicalisme québécois*, p. 444. Also, H. Milner, ""Quebec in Retrospect: Beyond Political Nostalgia" in *Québec Studies*, p. 77.

[135] An interesting argument that has been made point to the PQ's closer relationship with business as a possible explanation. It claims that the PQ committed itself to important expenditure, in the form of direct and indirect aid, to the private sector ($1 billion a year up to 1986). Being under pressure to honour this commitment, the PQ opted instead to renege on existing contracts with its public sector. Bernard Bonin, "U.S.-Quebec Economic Relations," in Alfred O. Hero, Jr. & Marcel Daneau (eds.), *Problems and Opportunities in U.S.-Quebec Relations*, Boulder and London: Westview Press, 1984, p. 36.

economic crisis and in the incapacity of the governments to intervene in order to correct the situation. The labour federations, not realizing the severity of the recession, were not willing to pay for a situation they felt was not their fault[136]. As a result, public workers supported the use of an illegal strike in order to challenge the PQ government. Within the CEQ, teachers (74 per cent), professionals (69 per cent), and civil servants (52,8 per cent) voted massively in favour of a strike. The same support resulted in the public branch of the FTQ (60%) and the CSN (53%)[137]. The Lévesque government's answer to the strike was harsh. It passed Law 111, a back-to-work law, which provided for a loss of seniority, a suspension of syndical rights and even firings for striking workers. Following this law, workers were back to work within three weeks[138].

This hard line position on the part of the PQ government resulted in the alienation of labour unions which had previously believed in the favourable discourse of the PQ in 1976. These once amicable relations were irreversibly damaged following the government's offensive in 1982. Although that fight was lost, the bitterness and the sheer distrust of the PQ government remained. The PQ was now perceived as a

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[136] Henri Milner, "Quebec in Retrospect: Beyond Political Nostalgia" in *Québec Studies*, No. 11, 1990/1991, p. 78. Pierre Paquette of the CSN gave more credibility to this assertion when he admitted in a recent article that labour unions had indeed underestimated the amplitude of the 1982-83 crisis. See: Pierre Paquette in "De la nouvelle participation syndicale: L'implication dans l'entreprise ou le nouveau souffle du syndicalisme québécois," *Le Devoir*, February 19, 1992, p. B9.

[137] *Le Devoir*, January 31 1983, p. 2; February 4, 1983, p. 1; February 2, 1983, p. 1; *La Presse*, January 26, 1983, p. A2.

[138] J. Rouillard, *Histoire du syndicalisme au Québec*, p. 391.

bourgeois party with little sympathy towards the workers. The burden of defeats was however becoming very heavy on Québec labour unions. As we will see, these defeats would further weaken labour for conflicts that would occur during the second part of the 1980s.

Labour's relations with the private sector were not much better. As the labour unions saw their bargaining power weakened by the recession, employers were simultaneously in a better position to resist their demands. Employers were then in a position to force a reduction of workers' conditions. As a result, lock-outs rose by 26 per cent between 1982 and 1985 comparatively to strikes[139]. But, the number of strikes remained high nonetheless[140]. Overall, 1,674 labour conflicts occurred between 1981 to 1985 involving 500,074 workers[141].

As a result, the balance of power tipped even more in favour of business. The PQ, particularly during its second mandate, strove to meet business' agenda. By the early 1980s, both the Liberals and the PQ were deploying considerable efforts to seduce the private sector. The 1985 election gave further credibility to this development as both parties' agenda was tailored to cater to the needs of small and medium-size businesses. As well, both the Liberals and the PQ made considerable

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[139] *Ibid.*, p. 450.

[140] Robert Boily "Profil du Québec" in Denis Monière, *L'année politique au Québec, 1987-1988*. p. 203.

[141] G. Bernier and R. Boily, *Le Québec en chiffres de 1850 à nos jours*, ACFAS, 1986, p.325. In term of comparison, the same figure for the period of 1971-1975 was as follow: 1234 labour conflicts involving 980,291 workers.

efforts to recruit high-profile business leaders as candidates[142]. By that time, it was becoming clear that the francophone business class was asserting itself and was tipping the balance of power even more in its favour at the expense of labour. These developments resulted in a particularly unstable social environment filled with tension and bitterness as the main economic groups attempted to carve themselves a better niche in the changing economic environment.

But already by 1976, it was possible to discern, on the part of labour, a return to the pursuit of short-term gains. With the defeat of the Common Front in 1972 and the fragmentation of labour that followed, the elements of radicalism had mostly disappeared. No longer did labour want to reject the capitalist system. Gains within the system such as the anti-scab legislation, the Rand formula, the creation of the Fonds de solidarité, and of Corvée-Habitation legitimized the beginning of this new direction on the part of labour. This trend would amplify by the end of the 1980s as labour militancy would continue to diminish as the result of other political defeats.

Business: Economic Liberalism

The ideology of economic liberalism[143], particularly advocated by the Conseil

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[142] "Business Issues Central in Quebec election," *The Globe & Mail*, 12 November 1985, p. B8. Cited in A.G. Gagnon, *Quebec: Beyond the Quiet Revolution*, p. 123.

[143] Defined by political economists, such as Adam Smith, the ideology of economic liberalism lies on the apparently spontaneous economic activities through the market. Also referred to by Smith in *The Wealth of Nations* as the *invisible hand*, such activities suggests conditions of the relative autonomy of market forces. This mechanism consists of separate actions of countless individuals which respond as rationally as possible to economic choices. Consequently, any intervention of governments in the natural workings of the market would be self-defeating. The role of governments, on the contrary, is to provide

du Patronat and the Québec Chamber of Commerce, was in contradiction with the respective visions of the PQ government and the labour unions. As we will see, the vision of business in Québec was not that much different from the ones defended by similar groups in other advanced capitalist democracies.

Since these business groups promoted principles such as individual freedom, free enterprise and political democracy[144], they were against most forms of state intervention. In fact, the Conseil du patronat was created as a counter balance to the interventionist tendencies of the provincial government[145]. Most interventions of the state were considered a threat to economic liberalism as well as a obstacle to the freedom of the private sector[146]. In fact, business was not necessarily against an *enlightened intervention of the state* in the economy[147]. What it was particularly opposed to was increasing state regulation as well as an enlargement of taxation

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the conditions under which markets could be allowed to operate as free as possible. As a result, freedom of individuals, laissez-faire, and free market go hand in hand.

[144] Bernard Pratte, *Le Conseil du patronat du Québec: rôle et idéologie 1963-1976*. Unpublished M.A. thesis, Université de Montréal, 1985, p. 29.

[145] Scholars, such as Laurent Bélanger, maintain that Québec business has accepted to use the interventions of the state to its own advantage. This argument, however, fails to answer why business has continued to be opposed to state interventions. See: Laurent Bélanger, *Évolution du patronat et ses répercussions sur les attitudes patronales dans la province de Québec*. Study no. 14, Privy Council Office, Ottawa, Queen's Printer, 1970.

[146] B. Pratte, *Le Conseil du patronat du Québec: rôle et idéologie 1963-1976*. p. 58.

[147] The CPQ pointed out that intervention of the state in the economy most often resulted in deceiving economic initiatives. It referred to state interventions in public corporations as waste producing deficits and resulting in less than competitive industries. It also criticized governmental grants to industries as promoting competition against already competitive industries. See: CPQ, *Mémoire sur les priorités budgétaires de l'État québécois pour l'exercise 1973-74, présenté au Premier ministre Robert Bourassa et aux membres du Conseil des ministres*, Montréal, 1972, pp. 7-10.

powers[148]. Therefore, it saw as the main role of the state to create a favourable climate for business. In other words, the state had to be complementary[149] to the market leaving business to play the leadership role in the economy.

A second important point defended by Québec business was that more power for labour was seen as detrimental to the good conduct of business in a liberal economy. The CPQ, most particularly, saw its task to confront the rise of influence of the labour movement within the province; a movement it criticized for the deterioration of the social climate in the 1970s[150]. This opposition to labour was motivated by the assumptions that a strong labour movement would endanger the balance between business and labour, and that such a development would go against the freedom of the individuals[151]. The actions pursued by the business community during the PQ period followed these basic principles.

The main advantage the business associations initially perceived in the socioeconomic conferences of the PQ was the potential to create a stable environment facilitating the planning of investments in the long-term. As well, they believed it could improve labour relations, increase plant productivity, reduce production costs, improve product quality and facilitate the introduction of technological changes. The

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[148] *Ibid.*

[149] P. Fournier, *Le Patronat* québécois au pouvoir 1970-1976. Montreal, Hurtubise-HMH, 1978, pp. 49-50.

[150] B. Pratte, *Le Conseil du patronat du Québec: rôle et idéologie 1963-1976*. pp. 101-105.

[151] *Ibid.*

hope for social peace, however, did not materialize.

Business soon rejected the domineering approach of the PQ and the domination of the state on society. The Conseil du Patronat, in particular, strongly denounced what it described as the unilateral and *authoritarian* character of the government approach[152]. It also criticized the economic summits as being more negotiation forums than concertation forums[153].

The Québec Chamber of Commerce also agreed with the CPQ. It further believed that the government, since it attempted to impose concertation on economic actors, should not be a part of it. The CCQ assumed that concertation would only come naturally in cases such as when there is a desire among economic actors to augment productivity[154].

The AMQ differed in some aspects with the other business associations. Although it agreed in principle with concertation[155], as was the case with the CPQ and the CCQ, the association was favourable to the creation of a provincial structure. Also, to a greater extent than its rivals, it would prefer to see concertation occur in the workplace and would like more economic democracy where workers would participate

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[152] P. Fournier, *Consensus building in Canada* in K. Banting, p. 305.

[153] P. Fournier, *La concertation au Québec: études de cas et perspectives*, 1986, p. 38. What the CPQ meant was that the conferences, instead of being forums that would address concerns such as productivity and labour relations, were places where labour representatives would attempt to negotiate in public collective agreements and amendments to the labour code.

[154] *Ibid.*, p. 39.

[155] AMQ, brief presented before the Beaudry Commission, p. 16.

in decision-making[156]. The AMQ also suggested, at one point, that productivity and wage increases be linked together[157].

It was also not surprising to see during the PQ era that business agents were reluctant to accept labour as an equal partner. Although it agreed as a whole with the concept of concerted action between economic actors, it was not ready to go as far as reducing its role of authority in the present capitalist structure by sharing power with labour[158].

The Conseil du patronat and the Chamber of Commerce also disagreed with the PQ and labour on the issue of independence. They claimed such a plan would have led to economic stagnation and instability for the province[159].

Therefore, despite some differences, the Québec business community saw economic liberalism as the best avenue to the well-being of the province. Too much government intervention and a strong labour movement could only be detrimental to the *good functioning* of the province's market economy. As a result, the ideology defended by business clearly showed its traditionalism and conservatism in economic matters.

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[156] P. Fournier, *La concertation au Québec...*, p. 39.

[157] *Ibid.*

[158] B. Tanguay, "Concerted Action in Quebec..., p. 383.

[159] See: Chambre de Commerce du Québec, *Québec: le coût de l'indépendance*, Montreal, Éditions du Jour, 1969. and Conseil du patronat du Québec, *Le CPQ et la société québécoise*, Speech of the President, General Assembly, Montreal, March 1972.

CONCLUSION: A Failed Consensus

Throughout this period, it was obvious that no consensus on economic policy developed. On the contrary, ideological differences ran deep as each group attempted to impose its vision on the others.

As this chapter has shown, three distinctive visions confronted each other during the period studied. Tensions between business and labour were still very much alive and this terminated the potential of the development of consensus. Business still continued to embody the principles of economic liberalism and to oppose any recognition of labour as an equal partner while labour unions remained loyal to social-democratism. As well, the Parti Québécois attempted to regulate the social relations through economic change as it attempted to impose its technocratic corporatist approach on labour and business.

There were also competing ideas within both labour and business groups. With memories of recent conflicts, Québec labour was marked by tensions between public and private labour unions. Private unions, such as the FTQ and CSD, were in favour of an increased collaboration with the government while public ones, such as the CSN and the CEQ, were sceptical of the government's corporatist intentions. Also complicating the puzzle, the CSD, because of the events that led to its creation, remained isolated from the other unions. Importantly, labour faced some important political defeats during the period which had the effect of weakening its position in market polyarchy. Finally, the illusion of the *préjugé favourable* of the PQ toward the workers isolated further labour from the political arena.

This overall situation prevented any positive development of a consensus on economic policy in the province[160]. Therefore, as the economic agents went through economic change, conflicting rather than co-operative relations marked the PQ period.

It is important to note that we begin to see clear signs of transition by the end of the PQ period. Indeed, a movement emerged in favour of a less interventionist approach of the government in the economy. As we discussed at the beginning, the first aim of the PQ's concerted approach was to stimulate economic growth while, at the same time, regulating the social actors. It failed. This result became apparent with the creation of the Table nationale de l'emploi. The government became less involved, preferring to leave the front scene to business and labour representatives. Therefore, concerted action would be acceptable if it would be done on a bipartite basis with the government playing only a supportive role.

Chapter Three will continue the analysis of labour and business for the subsequent period, essentially between 1985 and 1991. The background information provided in this chapter has set the appropriate context within which to assess appropriately the more recent activities and movements of labour and business in the province of Québec.

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[160] B. Tanguay, "Concerted Action in Quebec...," p. 377

CHAPTER THREE: *Toward a Rapprochement*

En pratique, nous faisons et demandons de la concertation. Alors, plutôt que de la dénoncer, mieux vaut identifier clairement les conditions de notre participation et les circonstances dans lequelles elle peut être bénéfique. Par exemple quand la désindustrialisation qui frappe l'île de Montréal est dangereuse pour tout le monde: patronat local, population et syndicats[161].

- Pierre Paquette, Centrale des syndicats nationaux

On a mis fin aux discours pour travailler dans le concret. Les relations de travail ne seront jamais plus les mêmes. Les coeurs se sont parlé[162].

- Gérald Tremblay, Québec Minister of Industry, Commerce and Technology

INTRODUCTION

Throughout the second chapter, we saw that no consensus on a social project based on economic policy developed. Indeed, social peace was not achieved as each group attempted to impose its vision on the others. The PQ's technocratic corporatist approach alienated both the business community and the labour federations who called the government's approach *authoritarian*. The government further alienated labour with its role in the 1982 economic crisis by demonstrating that its claim of having a *préjugé favourable* vis-à-vis the workers was all but an illusion. Even within the

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[161] Pierre Paquette of the CSN quoted in Martine D'Amour, *Le Devoir économique*, November 1989, p. 38.

[162] "Rendez-vous économique: 48 projets en deux jours." *La Presse*, Sept. 20, 1991, p. A9.

labour movement, the situation was less than harmonious. Differences were particularly apparent between the CSN and the CEQ who on one hand, sought social transformation through radicalism and confrontationalism, while on the other hand, the FTQ and the CSD flirted with collaboratism. The business community remained consistent defending the integrity of economic liberalism. Business, although it agreed with the concept of concerted action, opposed most government involvement and was against the recognition of labour as an equal partner. Therefore, as the economic agents went through economic change, conflicting rather than co-operative relations marked the PQ period. Since 1989, however, a situation seems to be developing which gives us an opportunity to reassess the relationship between labour and business in Québec.

This chapter proposes to examine this situation and see where it has evolved recently under the present Liberal government. In order to assess this evolution, we will first look at the environment of the period. We will see that labour faced other political defeats that undermined further its already weak position in market polyarchy. Second, we will examine the evolving rapprochement between business and labour through an assessment of their attitudes in four initiatives held between 1989 and 1991. In this section, we will look at the first Forum pour l'emploi (1989) and the briefs they presented before the Bélanger-Campeau Commission (1990). Beyond economic issues, we will see a constitutional dimension to the discussions emerge. By requesting that employment matters become a full provincial jurisdiction, it automatically carries the debate into the constitutional arena. Then, we will look at the

actions they took during the recent private initiatives of 1991; the Rendez-vous économique and the second Forum pour l'emploi. In this latter section, we will see that a rapprochement between labour and business is occurring.

THE CHANGE OF GUARDS

The employment situation in the province continued to worsen in the latter part of the 1980s. Despite several consecutive years of growth, the level of unemployment remained at or near the double-digit level since 1982. If one adds the proportion of individuals who have abandoned any hope of finding work, as well as those on welfare, the rate almost doubles. As this latter interpretation shows, the harsh reality is that the real level of unemployment in Québec has been around the 18-20 percent range for most of the decade. Of all the OECD economies, only Spain and Ireland have had a higher unemployment level than Québec during the last decade[163]. Montréal, which is the main economic centre of the province, led, by the end of the 1980s, all other Canadian cities in terms of unemployment and poverty[164].

Despite this situation, the newly elected Bourassa government has, since its election in 1985, made relatively clear that no progressive reforms were on its agenda. Indeed, one of the major differences of the liberal era is the much reduced role of the

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[163] Gérald Tremblay, *An Economy in a State of Emergency*, speech given before the Convention of the Professional Corporation of Industrial Relations Counsellor of Québec, Montréal, September 10, 1991, p. 7.

[164] Pierre Fortin, "Le plein emploi sans inflation est-il possible au Québec?" in *Action Nationale*, March 1991, p. 360.

government in economic development. Indeed, except for hydro-electric projects, the Liberals have been mostly invisible. In fact, Bourassa was the first Québec Premier, since Jean Lesage, not to see a powerful state as the chief instrument of Québec's economic advance. To the Liberal Party, the welfare and entrepreneurial state was *dépassé* and it was up to individual initiatives to take the leadership. This approach was made clear in 1985 in the Party's program:

> *C'est finalement dans l'initiative et la créativité individuelle que nous puiserons notre véritable force collective*[165].

Indeed, the new government claimed that, in the era of globalization, a reduction of the size of the state would help increasing the competitiveness of industries[166]. Subsequently, the Bourassa government created two ministries in order to achieve that goal[167]. One was responsible for deregulation, the other for privatization[168]. The consequence of this approach was apparent a few years later. While the level of the

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[165] Québec Liberal Party, *Maitriser l'avenir. Programme politique*, February 1985, p. 1.

[166] Gouvernement du Québec, *Réglementer moins et mieux, rapport final*, Groupe de travail sur la déréglementation, June 1986.

[167] In fact, in line with the philosophy of the Party, those ministries were to be the only ones established during that mandate.

[168] Three committees were set up to study ways to reduce the government's role in the provincial economy. The Fortier committee recommended privatizing ten public corporations; the Scowen committee proposed changes to regulations; and the Gobeil committee advocated the elimination of hundreds of governmental institutions. The Bourassa government, for political reasons, did not implement all the proposals. It continued, however to embrace the philosophy behind it. See: J. Rouillard, "Le mouvement syndical", in D. Monière *L'année politique au Québec*. p. 158.

Québec government spending as a percentage of GDP was at about 24 percent[169] in 1985, it continued to decline to 21.3 percent in 1990[170]. As a result, in contrast with the sometimes *authoritarianism* of the PQ's economic approach to concerted action, the state has become much less interventionist in economic development. Therefore, the Bourassa government has abandoned a leadership role in economic policy preferring to re-orient the role of the state towards the task of creating a favourable economic environment for the new entrepreneurial class[171]. As we will see, employment, not social peace, would become the dominant concern of economic agents during this period with the government playing only a supportive role. This ideological turn has also prompted initiatives, such as the Forum pour l'emploi and the

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[169] Under the PQ, this figure reached an all time high of 26.5 per cent in 1983. Source: National bank of Canada. "Overview of the Quebec Economy." Economic Review. Bibliothèque nationale du Québec, 1988, p. 4.

[170] Gouvernement du Québec. "A Financial Profile of Québec." Ministère des Finances, Bibliothèque nationale du Québec, 1990, p. 5.

[171] Some observers have seen in the recent economic plan of Québec Minister of Industry and Commerce, Gérald Tremblay, a new interventionist approach of the government in the economy. It is true to some degree that he would like to involve many governmental departments in the workings of his plan. However, following his speech of september 1991, Tremblay warned three months later that, with a record deficit of nearly $4 billion, the days of big hand-outs to business are over. Instead, he declared that the government will henceforth act as a catalyst, help creating a competitive economic environment, and encourage co-operation between business and labour. Gérald Tremblay, "Vers une économie et une société à valeur ajoutée," *La Presse*, December 4, 1991, p. B3. It is important to note that the Liberal government, as a whole, is not warm to the idea of *active* governmental intervention. In fact, most liberals remain loyal to the liberal ideology. Rather than an active role, the government ought to limit itself to a *supportive* role in the economy. The Minister responsible for Montreal, Daniel Johnson, declared recently that the "government is already too much involved in the economy." Further, the Minister's solutions to the problems of Montreal are limited to more exportations and foreign investments. *(La Presse*, September 19, 1991, pp. A7 & A8). But, despite the rhetoric, it does not means that they are against any type of intervention. Most liberals are in favour of some forms of intervention when judged necessary. The use of the Caisse de dépôt et placement is a good example.

Rendez-vous économique, to be pursued outside state institutions.

The coming to power of the Bourassa liberals has left labour with no instrument for new advances on the social field. Worse still, it further weakened its position within market polyarchy as well as in politics. Shortly after having taken office, Bourassa did not hesitate to use Law 37 which armed the government with new means to restrain conflicts with labour unions in the public sector. This legislation, adopted under the PQ regime, has decentralized bargaining and restricted the right to strike. The result was that the CSN, FTQ and CEQ were unable to form a Common Front. Two other events have also contributed to labour's precarious position.

The first one was tied to the crushing defeat of the CSN at the hands of businessman Raymond Malenfant. The blow occurred surrounding the purchase by the Québec businessman of the Manoir Richelieu located in La Malbaie near Québec City. Following the purchase, Malenfant immediately indicated that he would refuse to negotiate a new collective agreement with the employees. The situation turned into a violent strike. The CSN lost public sympathy, and enormous credibility, when it was discovered that some of its members had put bombs in on of Malenfant's other hotel. Afterward, as Malenfant maintain his anti-union position, he became perceived as a *tough businessman* who did put *labour in its place*. The second was the failure in 1988 of a leftist coalition, regrouping the three major labour federations (FTQ, CSN, and CEQ) as well as the farmer's union (UPA), to prevent the adoption of the Free-Trade Agreement with the United States. Further, following its re-election in 1989, the Bourassa government dealt more blows to labour. In September 1989, borrowing a

page from the PQ book, the liberal government adopted Law 160 to curb union militancy among health public workers during a strike. It also announced a wage freeze in the spring of 1991 which affected 400,000 workers in the public sector.

Following these important setbacks, labour unions seem to have abandoned their confrontational approach particularly vis-à-vis the business community. They appear to have adopted a more collaborative attitude in its relationship with business. The business community, eager to preserve the existing social peace, also appears to have accepted to make some small compromises. As well, faced with a declining economy and the unwillingness of the government to play a leadership role, a change of attitude, on the part of labour and business leaders seems to have developed between 1989 and 1991. This change has to do, for one thing, with their willingness to fill the leadership vacuum left by the government in order to address the problem of employment in the province. It also has to do with a certain will to co-operate with each other. Within this context, initiatives took place under the leadership of private economic agents between 1989 and 1991.

THE BEGINNING OF A NEW ERA

The Forum pour l'emploi of November 1989

The *Forum pour l'emploi* became a landmark in Québec history as it was the first time that representatives from all groups of society met to discuss together, the

urgent problem of unemployment in the province[172]. One thousand five hundred and forty one individuals, from all across the province took part in the Forum. Labour was, by far, the most significant delegation present at the Forum with 486 participants while business was represented by only 132 participants[173]. Other groups such as credit unions, Mouvement Desjardins, educational institutions, local organizations, and observers, also took part in the gathering. Further, governmental representatives, both federal and provincial, were present but were only permitted the role of observers[174]. It is, however, important to note that the Conseil du patronat, which is the most influential business organization in the province representing about 450 of the most important companies, abstained from participating in the Forum[175].

Having to deal with a high level of unemployment and rejecting the idea of a PQ-style tripartite summit, the decision was made to organize an *economic summit* without any *direct involvement* of governments. As the President of Shermag, Serge Racine, pointed out:

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[172] We should mention that, as a preliminary step, twelve regional forums were held in May and June 1989 across the province in order to determine the principal priorities in regards of the employment question. What transpired in those was then used to organize the agenda of the forum of November 1989.

[173] Among those business representatives who participated to the Forum: Louis Arsenault (Québec Chamber of Commerce) and Richard Le Hir (Manufacturers' Association). Some others came from small and medium businesses: Serge Racine (Shermag), Marcel Dutil (Canam Manac), Roger Néron (CFC), Rémi Marcoux (GTC) and Jean Perron (Normick Perron).

[174] This may sound ironic but the two levels of governments did partly finance the Forum.

[175] Apparently, the CPQ even warned businessmen, and people in general, to avoid this *crypto-péquiste* meeting. Big names, such as Raymond Cyr (Bell), Paul Desmarais (Power Corporation), Marcel Bélanger (BN), also boycotted the Forum. Gérald Leblanc, "Le grand absent du Forum," *La Presse*, November 10, 1989.

> *Jusqu'à maintenant, l'intervention des gouvernments en matière de développement de l'emploi, s'est avéré lamentable. Les initiateurs du projet ne voulaient pas d'un autre sommet tripartite, ils ont donc décidé de créer une nouvelle formule*[176].

This comment represents the change in attitudes that had taken place in Québec vis-à-vis the role of governments in regards to the employment and economic questions. It was with this new thinking that the forum on employment was organized for November 1989.

To the president, Claude Béland of Mouvement Desjardins, all the social partners within Québec society ought to make full employment the common objective of the Québec of the year 2000. To Béland, it was time to replace the old liberal principle of *la lutte pour la vie* for *l'union pour la vie*[177]. In other words, collectivism had to take precedence over individualism. In order for this to work, concerted action among the social groups would be essential.

In terms of the attitudes expressed by labour and business representatives at the Forum, some common elements are discernable. In fact, they agreed on two points. First, all actors condemned the incapacity and inefficiency of the present federal structures to deal with the field of employment. They demanded a full transfer of powers related to employment: job training, unemployment insurance, immigration, and regional development. They also appeared convinced that the province should

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[176] Robert Lamarche, *Le Devoir économique*, November 1989, p. 39.

[177] *Magazine Avenir*, April 1989.

have more influence vis-à-vis the macroeconomic policy mechanisms so they would be more in line with Québec's economic cycles. Second, it was agreed that the governments should only have a limited role in the development of full employment. Claude Béland clearly stated that he did not want the government directly involved in the process:

> *L'État n'est pas le bon intervenant...Nous ferons un grand pas si, au Forum national, on réussit à établir un consensus sur ce point: le plein emploi, c'est notre problème. Dans ce sens, nous n'avons pas besoin de l'État...Le niveau politique doit comprendre qu'il doit encourager et généraliser l'entrepreneurship...L'État sera le mandataire...Il sera le leader dans l'application et non la conception du projet de société*[178].

According to Béland, full employment should be the business of the private sector. As a result, the government should have only a supportive role in regards to full employment. This role would consist of essentially creating a better environment by passing laws, or, by modifying the research and development programs and the education system. Despite these agreements, some important disagreements were also apparent between labour and business representatives.

Respectively, Louis Laberge of the FTQ, Gérald Larose of the CSN, and Lorraine Pagé of the CEQ, were among the most enthusiastic supporters of the goal of full employment. All were unanimous in stating that full employment was a goal which was a priority, as well as being indispensable, realistic, and achievable[179]. Recognizing the imperfections of the market, the type of full employment supported

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[178] Quoted in Louis Gill, "La concertation est-elle la clé du plein emploi?, *La Presse*, November 20, 1989, p. B3. From *Magazine Avenir*, April 1989, p. 28.

[179] Louis Gill, "La concertation est-elle la clé du plein emploi?, *La Presse*, November 20, 1989, p. B3.

by the labour union federations is institutional and democratic. It is based on a concerted model where all groups in society participate in its elaboration. This means that government, business, unions and other strategic groups would be implicated directly in the decision process regarding labour market policies aimed at providing jobs to those who wish to work. Accordingly, the concerted actions of these *equal partners* would have to result in making full employment the primary objective of the society.

On the other side, not surprisingly, the business representatives who were present were clearly against the ideal of full employment. For instance, they demanded, as a condition of participation, that the name of the Forum, which was originally to be the *Forum pour le plein emploi*, be changed to the *Forum pour l'emploi*[180]. This was an important symbolic change which indicated the degree of concern on the part of the representatives of the business community. It becomes apparent that, for them, the main goal is not full employment but, instead, the *improvement of the situation of employment*. Recalling Kalecki, full employment is not to the liking of business in general since it is perceived as giving too much power to labour. For the Québec business community, the crucial problem remains, not full employment, but rather the shortage of skilled labour. The goal or priority expressed by them was to encourage a better use of human resources, based on job training. Business groups clearly saw this as a more acceptable answer to the economic

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[180] *Ibid.*

difficulties in Québec[181].

Despite this fundamental disagreement, four basic principles were nonetheless adopted by the Comité in its final declaration: the universal access to employment; manpower quality and industrial competitiveness; employment to be a priority in a social and physical environment of quality; the development of employment as a shared project. It was also agreed that the Forum should become a permanent organization.

Interestingly, the term *full employment* was absent on both the resolution and the declaration that were adopted on the last day of the meeting. However, the organizers, such as Claude Béland, used the term frequently in interviews and speeches. Even in a brief presented before the Bélanger-Campeau Commission, the Forum was still mentioning the term full employment and made it appear as though it was unanimously endorsed by all the groups:

> *Le Forum pour l'emploi a clairement indiqué la volonté de tous les partenaires économiques et sociaux du Québec de collaborer ensemble à la mise en place de conditions propices à la réalisation du plein emploi. Ce qui unit les partenaires du Forum pour l'emploi, c'est leur ferme conviction que le développement de l'emploi doit se retrouver au coeur même du projet de société du Québec*[182].

But, once again, it is obvious that, although the groups agreed, at best, on some broad principles, such as the importance to address the employment question, they differed

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[181] Lise Poulin Simon, "Le plein emploi: un rêve réalisable," *Le Devoir économique*, November 1989, p. 36.

[182] Le Forum pour l'emploi, "L'emploi et la question constitutionnel." Brief presented before the Commission sur l'avenir politique et constitutionnel du Québec, November 1990, p. 10.

on the initiatives to achieve them. Although he applauded the initiative, the President of Shermag, Serge Racine, made clear his position when he said that *ça ne veut pas dire que les syndicats et les patrons vont coucher dans le même lit. Les syndicats ont leurs objectifs, nous avons les nôtres*[183].

Even in the absence of concrete results, the *Forum pour l'emploi* of 1989 nevertheless served to open a broad discussion on the question of employment. Further, it is important to note that it was to become a meeting point for the future[184]. The debate on the employment question, between labour and business, continued a year later as they were invited to submit their respective written briefs before the Bélanger-Campeau Commission.

The Bélanger-Campeau Commission

The political death of the Meech Lake Accord prompted the Bourassa government to create a commission which could be used to hear the views of Quebecers on the present state of the Canadian federation. At the same time, it proved to be another opportunity for the economic agents of the province to state their views on the economic questions relating to employment.

In the following examination of the briefs presented before the Bélanger-Campeau Commission, we will see that this condemnation of the federal structures and

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[183] Robert Lamarche, *Le Devoir économique*, November 1989, p. 39.

[184] Indeed, as we mentioned earlier, the Forum executive presented a brief before the Bélanger-Campeau Commission in November 1990. Then, in the summer of 1991, the Forum unveiled a job training charter, and later that year, another forum was held. The latter will be discussed later.

policies in dealing with the economy is also a recurring theme among the major economic groups of the province. The examination will also reveal that, although the groups agree on the powers needed to achieve economic prosperity for Québec, they disagree on the means to achieve such a project. The discussion, in this section, will be divided in the following way. First, we will outline the constitutional dimension of the problem. Second, we will examine the arguments put forward by the four most influential labour organizations in the province: The FTQ, the CSN, the CEQ, and the CSD. Third, we will look at the briefs of the three most important business organizations: The Conseil du Patronat (CPQ), the Québec Chamber of Commerce (CCQ), and the Association des manufacturiers du Québec (AMQ).

The briefs presented by the four labour unions, are strikingly similar in their approach. First, they are all profoundly critical, not only of the present federal policies but, also, of the overall federal presence in the area of employment through the existing division of powers. According to them, the present federal arrangement does not permit the optimal development of Québec's economy[185]. The CSN pointed out this frustration:

> *Les forces fédéralistes, dans l'actuel débat national, feront sans doute valoir que le Québec bénéficie, plus que d'autres provinces, du régime d'assurance-chômage. il y a là un transfert net d'argent vers le Québec. Mais pourquoi en est-il ainsi? Le régime actuel n'a-t-il pas plutôt pour effet de suppléer, en partie, à l'appauvrissement des Québécoises et*

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[185] Fédération des travailleurs et travailleuses du Québec (FTQ), brief presented before the Commission sur l'avenir politique et constitutionnel du Québec, November 1990, p. 3; Centrale de l'enseignement du Québec (CEQ), brief presented before the Commission sur l'avenir politique et constitutionnel du Québec, November 1990, p. 45; Centrale des syndicats démocratique (CSD), brief presented before the Commission sur l'avenir politique et constitutionnel du Québec, November 1990, p. 19.

> *Québécois que le fonctionnement même de ce régime génère et entretient?*[186]

They argue over all that the high degree of federal intervention in Québec's economy has paralysed any coherent policies on the part of the Québec government. The many overlapping jurisdictions in the field of employment have contributed to inefficiency and incoherence discouraging any initiatives at the provincial level. More specifically, they point to monetary policy, job training, unemployment insurance, manpower, income security, regional development and immigration as sectors where federal intrusion has had detrimental effects on the province's economy. Worse still, the unions believe that the federal policies have failed miserably. Being too centralist, they have faltered by not taking into account the distinctive nature of the Québec labour market and, instead of aiming at accomplishing full employment, the federal government has put the emphasis on a policy of income stabilization. As a result, they claimed that the federal system has acted, until now, as a straitjacket on any hopes of a full employment policy.

Second, they wholeheartedly supported full employment. For the FTQ, the CSN and CEQ, full employment is based on an institutionalized full employment achieved through concerted action with all groups of the society[187]. In this case, institutional

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[186] Confédération des syndicats nationaux (CSN), "Un choix clair pour la CSN: L'indépendance du Québec." Brief presented before the Commission sur l'avenir politique et constitutionnel du Québec. November 1990, p. 81.

[187] FTQ, brief presented before the Commission sur l'avenir politique et constitutionnel du Québec, p. 7; CSN, "Un choix clair pour la CSN: L'indépendance du Québec." p. 36, 85; CEQ, brief presented before the Commission sur l'avenir politique et constitutionnel du Québec, p. 45.

full employment signifies a situation where all actors make employment the number one priority. It also means that it ought to be operated on an active labour market policy based on job training. Although the Centrale des syndicats démocratiques embraces full employment, it presents different means to achieve it. The CSD opposes state involvement including the Québec government. On this point, the union differs from the other three unions. For the CSD, full employment should be rather a matter only between business and labour[188]. It also believes that the government must limit itself to merely creating a favourable environment for full employment. The CSD even goes further by demanding that job training become a union responsibility. It also demands, above all, a democratization of the workplace[189] and proposes a new social partnership in order to manage the economy [190]. The CSD, however, agrees with its counterparts on the issue of job training. To the union, it is imperative to form human capital through labour training so the province can compete at the international level.

Consequently, they conclude that the only way to achieve such an ideal is for Québec to have the exclusive control over all the jurisdictions of the field of employment. And this, for the FTQ, CSN, and CEQ, could only be achieved through a

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[188] CSD, brief presented before the Commission sur l'avenir politique et constitutionnel du Québec, p. 21.

[189] *Ibid.*, p. 27.

[190] *Ibid.*, p. 25.

souveraineté pleine et entière for Québec[191]. Accordingly, such development would provoke the complete withdrawal of the federal government from the financing and the application of all labour policies, including the unemployment insurance program. Then, having all the necessary tools, they believe that the Québec government would be able to bring more cohesiveness to its labour market policies. The CSD, however, does not believe that independence is necessary to achieve an improvement of employment. But, it does recommend that whatever happens politically or constitutionally, Québec must repatriate the overall power related to job training including programs and budgets.

Although they all, with the exception of the CSD, agree that sovereignty is essential to achieve full employment, they also admit that sovereignty is not a guarantee for a social project based on full employment[192]. The CEQ seems to capture this concern best:

> *Le mouvement de mondialisation de l'économie ouvre grandement l'éventail des possibilités pour une petite société ouverte comme le Québec, en même temps qu'elle recèle des écueils qu'il faudra à tout prix éviter. La recherche d'une plus grande compétitivité au plan économique, objectif louable en soi, ne doit pas s'opérer en sacrifiant nos acquis sociaux ou en marginalisant des pans entiers de la population. S'il n'existe aucune preuve empirique de la supériorité économique et sociale du fédéralisme pour le Québec, la CEQ admet en revanche que l'accès à l'indépendance ne représente pas une garantie automatique de plus grande efficacité économique et de meilleure justice sociale. Tout dépend des choix que nous effectuerons dans notre*

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[191] FTQ, brief presented before the Commission sur l'avenir politique et constitutionnel du Québec, p. 7; CSN, "Un choix clair pour la CSN: L'indépendance du Québec." p. 41; CEQ, brief presented before the Commission sur l'avenir politique et constitutionnel du Québec, p. 96.

[192] FTQ, Ibid., p. 5.; CSN, Ibid., p. 102.

futur pays[193].

This approach, also called the *tool box theory*, is a familiar argument used by Québec's labour unions for their social project. In other words, independence becomes not the condition for full employment and social justice but a pre-condition for them. Indeed, such a project depends on the support or, in some cases, the *good will* of the other groups in society, particularly business and government. They nevertheless accept this possibility and plan to pursue their ideal through concerted action.

As we have seen, trade unions agree on many points. First, they all argue that transfer of all powers in the field of employment is essential and they all concur on the necessity of adopting a policy of full employment. Second, all agree that the federal structures are incoherent, and economically detrimental to the province. Third, all, the CSD to a lesser degree, deemed independence necessary to the achievement of such an ideal. They nonetheless admit that independence is only a pre-condition to the implementation of such a policy.

The most important business organizations of the province agree with their labour counterparts that the present system of government is incapable of securing economic prosperity for Québec. Indeed, they believe that the present federal structures dealing with economic policies are incoherent and inefficient[194].

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[193] CEQ, brief presented before the Commission sur l'avenir politique et constitutionnel du Québec, p. 96.

[194] Conseil du patronat, "Pour une constitution moderne." Brief presented before the Commission sur l'avenir politique et constitutionnel du Québec, November 1990, p. 7.

Overlapping jurisdictions are creating confusion and instability. The federal deficit, the inefficiency of manpower policies, of research and development, of financial institutions, and monetary instability are important indicators that the federal system is having chronic difficulties. These difficulties, they say, have also convinced Québec businessmen that, not only is the status quo unacceptable constitutionally, but it has also become unprofitable economically[195].

As a result, they request an end to the existing type of *competitive federalism* where the overlapping of jurisdictions is the rule. Instead, they would like to see a more *efficient form of federalism*. For the CPQ, a more *efficient federalism* would mean an important decentralization of powers towards the provinces putting the emphasis on a better re-definition of the roles within a new federal structure. This re-definition would imply a decentralization of powers related to employment. Then, powers such as manpower, immigration, family policy, research and development, regional development, transportation, health care and communications should be devolved to Québec[196]. The Chamber of Commerce also believes that the fields of manpower, unemployment insurance, and research and development be devolved to Québec[197]. In regard to immigration, it would like to see Québec given more

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[195] Chambre de commerce du Québec, "L'avenir politique et constitutionnel du Québec: sa dimension économique." Brief presented before the Commission sur l'avenir politique et constitutionnel du Québec, November 1990, p. 4.

[196] *Ibid.*, p. 8.

[197] *Ibid.*, p. 39.

responsibilities[198]. The CCQ also encourages the creation of institutions of concertation between the business community, labour unions and the government in order to control inflation, to accelerate the development of employment, and to re-enforce the competitive position of the province internationally[199]. For its part, the Association des manufacturiers does not propose a transfer of powers from Ottawa to Québec City. Rather, it would prefer a stable climate so it would be possible to spend time on more serious matters such as the re-structuring of the industrial base of the province and the development of human resources. This way, it would be possible to increase the province's competitiveness.

However, contrary to the labour unions, business groups prefer a renewed federalism and consequently do not believe that independence is necessary to achieve an improvement of the employment situation. AMQ is less categorical than the CPQ and the CCQ on this issue. Instead, it calls for an end to the existing political instability. In fact, all it wants is political stability regardless of the structure whether federal or an independent Québec. The AMQ points out that, according to studies, the manufacturing sector can succeed in any sort of system of government[200].

Based on their approach, business organizations are also opposed to the ideal of full employment. An *improvement of the employment situation*, based on labour

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[198] *Ibid.*

[199] *Ibid.*, p. 38.

[200] Association des manufacturiers du Québec, brief presented before the Commission sur l'avenir politique et constitutionnelle du Québec, November 1990, p. 41.

training, appears to be a more acceptable answer. The development of a highly specialized labour force is one of the solutions envisioned as a remedy for the unemployment situation. Through the combined effect of having new powers and putting the emphasis on job training, they believe Québec's paradox of having a shortage of skilled labour and more than 300,000 jobless could be considerably reduced.

In the briefs presented before the Bélanger-Campeau Commission, it has been possible to discern a more or less coherent vision from Québec's economic agents. The rejection of the present federal structures is unanimous through business and labour organizations. All of them agree on one point: the status quo is no longer acceptable and they request an end to the existing type of *competitive federalism* where the overlapping of jurisdictions is the rule. Indeed, the present federal structures are perceived as a straitjacket preventing Québec from developing its labour market so it can adapt to the new realities brought on by the new era of economic interdependence. As a result, all agree on the necessity of the Québec government getting all related powers in the field of employment. The main difference between business and labour on the latter point is that labour, except the CSD, theorizes that this can only be done through independence while business, overall, judges that it could be achieved through a renewal of federalism. Still, all agree on the necessity to put the emphasis on labour training.

Any type of consensus seems to end, however, when the main actors discuss ways to improve the employment situation. Most importantly, the question of full

employment, although widely agreed upon among labour unions, has received a cold shoulder from the business organizations. Rather, the latter prefer talking about the *improvement of the employment situation in the province*. Full employment is seen as unrealistic from both a strategic and an economic point of view - strategic because full employment would give too much power to labour, economic because such a policy would prevent the labour market from being flexible enough to confront the new realities of the international economy.

Although there were some important disagreements in the first two initiatives we have examined, the next two will indicate that a shift is occurring, notably among labour unions. As a result, it will appear that a significant rapprochement is developing among the interests of business and labour.

TOWARD A RAPPROCHEMENT

Alarmed by the severity of the economic crisis on Québec's economy, economic agents decided to organize two initiatives in the fall of 1991. An examination of the Rendez-vous économique and the Forum pour l'emploi held respectively in September and November 1991 demonstrate the seriousness with which both Québec labour and business began to tackle, together, the employment problems of the province.

The Rendez-vous économique 1991

As just mentioned, the urgency of the employment situation in the province

prompted the Conseil du Patronat to organize an economic summit in September 1991. Fifty leaders, from the Québec economic milieu, met for two days to discuss potential solutions to the province's economic malaise and to get Quebecers back to work. Rejecting any involvement of the governments, the CPQ insisted that all the proposals emphasize private, regional and local initiatives, rather than governmental.

Of the 66 proposals submitted, 48 were adopted unanimously[201]. They included calls for reduced interest rates and a lower Canadian dollar and, demands that a green light be given to major capital projects such as Great Whale, Soligaz and a high speed train between Québec City and Windsor. There were also proposals for improved professional labour training programs, schemes to rejuvenate the Québec Stock Savings Plan to make it easier for business to raise capital, and ideas for encouraging more purchases of Québec-made goods. Some, as we will indicate, were modified or simply not adopted[202]. A closer look at the proposals demonstrates the orientation that the socio-economic groups intend to give to the development of employment in the province.

The labour representatives were essentially proposing plans not too dissimilar from their business counterparts. The FTQ succeeded in getting four of its five

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[201] *Rendez-vous économique*, working document, September 1991. For the identification of the propositions, see section on the Rendez-vous économique in *Le Forum pour l'emploi*, working document, November 1991.

[202] It is difficult, however, to know why some recommendations were not adopted. For their part, the participants claimed that more would have been adopted if they would have not run out of time. Claude Turcotte, "Les décideurs québécois s'entendent sur 48 projets de relance économique", *Le Devoir*, September 20, 1991, pp. A1, A4.

proposals adopted[203]. It saw the following proposals accepted: support of the Soligaz project (prop. #2); that the Québec government assume the leadership of the approval of a TGV between Québec City and Windsor (prop. #3); that the Québec government adopts a fiscal policy which would result in the decontamination of industrial lands (prop. #16); and the implementation of a restoration program aimed at improving Québec infrastructures (prop. #29). The only proposal not adopted recommended the construction of headquarters for Hydro-Québec and the Commission de la sécurité et de la santé au travail (CSST) in order to create a favourable environment for investment and to help the economy get out of the recession.

Five proposals from the Fonds de solidarité de la FTQ were also adopted[204]. They aimed at creating, in the medium and long terms, specialized jobs in the high technology field and new funds in order to raise capital for small and medium businesses. Indeed, in proposals 6 and 21, it suggested the creation of a private firm specializing in aerospace products and of a corporation aimed at developing the furniture industry. In proposals 24, 40, and 43, it called for the creation of a network of regional investment funds (S.O.L.I.D.E.) administered by a provincial investment fund; of an investment fund in environmental technology; and a SMBs funds in charge of raising capital for the development of small and medium businesses based on a new type of RÉA (QSSP).

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[203] Section on the Rendez-vous économique in *Le Forum pour l'emploi*, working document, November 1991.

[204] *Ibid.*

The CSN succeeded in having its four proposals adopted[205]. It suggested that the management mechanism of the Bank of Canada be reviewed (prop. #14); that the economic agents, along with the Québec government, create an industrial strategy committee responsible for the industries in difficulty such as those in the sectors of paper, metal, electronic, food processing and tourism (prop. #26)[206]; that the Québec government supports, once again, concerted action at the regional level and; that a regional development fund be created and that it be controlled by the regional authority (prop. #30); and that the importance of giving priority to the maintenance and creation of permanent and quality jobs be recognized (prop. #33).

The CSD presented three proposals but saw only one adopted[207]. It called for the Québec government to favour the emergence of firms that put the emphasis on equipment and services aimed at preventing working accidents and professional illness (prop. #36). One of the two that were ignored called for the implementation of an income replacement program for the individuals 55 and older who are victims of lay-offs. The other proposal called for a tax shelter of 50 per cent on the amount the workers invest in their own firm.

The proposals tabled by members of the business organizations were aimed at

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[205] *Ibid.*

[206] This proposal was somewhat modified. It initially called for a greater role of the government in this initiative. Presented as follow: *Il est proposé que le gouvernement du Québec mette sur pied...* It was modified as: *Que les grands partenaires, en concertation avec le gouvernement du Québec, mettent sur pied....*

[207] Section on the Rendez-vous économique in *Le Forum pour l'emploi*, working document, November 1991.

increasing productivity and the creation of jobs *without the help of the governments*[208]. The Conseil du patronat submitted five proposals, four were adopted, which aimed at getting different projects underway[209]. It proposed: the idea that the naval industry re-orient its strategy towards the construction of pleasure boats (prop. #4); that the tourism industry consider the promotion of local holiday trips (prop. #5); that a common front be created in order to incite the Governor of the Bank of Canada to lower progressively the Canadian dollar to $0,80 US (prop. #13); finally, that the mandate of the Office de planification et de développement du Québec (OPDQ) be revised to promote local entrepreneurship (prop. #18). The recommendation that was not adopted called for the creation of a stock saving plan designed specifically for the construction sector.

For its part, the Québec Chamber of Commerce submitted two proposals[210]. The first one called for the urgent mobilization of the productive forces to produce quality products in line with consumer expectations (prop. #34). The other one, which demanded that more effort be put into labour training in concerted efforts with business, labour and the government, was adopted in the general proposal #48 which was endorsed by all the participants.

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[208] Interestingly, although in the rhetoric business continued to maintain that the government ought not to be involved, some of its propositions were designed to get public projects underway (see particularly the propositions put forward by the AMQ).

[209] Section on the Rendez-vous économique in *Le Forum pour l'emploi*, working document, November 1991.

[210] *Ibid.*

The Association des manufacturiers du Québec put forward four proposals[211]. It demanded that all the necessary means be taken in order that the construction of the Great Whale project begins in 1992 (prop. #7); that an employment program be put ahead in order to fill the 83,000 specialized positions that are vacant (prop. #10); that competitiveness becomes a provincial priority (prop. #31); and that the government sell industrial development obligations in order to promote the economic development at the regional level (prop. #37).

It appears quite obvious that employment, not full employment, was at the centre of this initiative of the Conseil du patronat. Although few of the proposals would result in immediate job creation, Ghislain Dufour, of the Conseil du patronat, and Fernand Daoust, of the FTQ, declared nonetheless that it was their way to attack the unemployment problem of the province[212]. It then becomes obvious that the priority has become the development of employment through mostly private leadership, especially local and regional although some projects required governmental intervention. Full employment seems to have been put aside in favour of developing a more skilled labour force which, in turn, could create more jobs in the future. We will see that, during the Forum pour l'emploi held two months later, the attitudes of labour and business were similar in focus as those expressed during the Rendez-vous.

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[211] *Ibid.*

[212] Laurier Cloutier, "'Rendez-vous économique': 48 projets en deux jours." *La Presse*, September 20, 1991, p. A9.

The Forum pour l'emploi of November 1991

Following in the steps of the Rendez-vous, the Forum pour l'emploi was held two months later. After two years of ignoring the Forum, the CPQ finally joined in the summer of 1991. This was significant news since the Conseil had refused to participate in the first Forum held in 1989. The themes of 1991 were different from the ones held two years earlier.

What was striking during the Forum of 1991 were the overall preoccupations. One of the main tasks of the Forum was to carry out the propositions adopted during the Rendez-vous. In contrast to the first forum of 1989 where full employment was the magical and fashionable word and unemployment was seen as the number one problem for all labour groups, the Forum of 1991 displayed some substantial differences. In his opening speech, this time, Claude Béland avoided using the term *full employment*. Instead, he declared to the 700 participants: *les leaders ont besoin d'un projet de société et c'est l'emploi*. This speech set the tone for the rest of the two-day meeting. As a consequence, the term full employment was virtually absent in discussions and speeches. In its place, training, innovation, and industrial cooperation between industries were the new issues discussed.

One of the elements that seems to have created unanimity is the role of the government in economic development. The economic agents perceive the government to no longer be capable of positive intervention, as it had in the past. Instead, the role of job creation does not lie with the government but with the entrepreneurial spirit of the individuals. The government should have a supportive role or, at best, be a partner.

As a result, concerted action between business and labour is the pre-requisite to success of this new approach. Also, according to this approach, action should begin at the local and regional levels before any consideration of implementation at the provincial level[213].

Furthermore, the participants have reiterated their solidarity in demanding that all the powers related to employment, as well as the financial resources, be turned to the province[214]. As such, passive plans such as unemployment insurance, which are used as income security, could be modified into more active measures such as labour training.

In the same vein, the CPQ, AMQ, CSN and FTQ condemned the monetary policy of the federal government. Ghislain Dufour, in particular, pointed out during the round table that, with a dollar at $0.76 US, 16 out of 19 manufacturing sectors in Québec were competitive. In December 1990, with a dollar at $0.87 US, only 5 were competitive[215].

All actors were also categorical that labour training had to be the focus of any new industrial strategy. To the CPQ, in order to produce high value-added products,

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[213] Luc Rufiange, "Forum pour l'emploi: c'est le temps de passer à l'action", *Journal de Montréal*, November 7, 1991; and "Forum sur l'emploi", *Le Journal Économique de Québec*, November 1991.

[214] Claude Turcotte, "La question du rapatriement de la formation professionnelle hante le Forum pour l'emploi", *Le Devoir*, November 7, 1991.

[215] *La Presse*, June 1, 1991.

the elements of labour training and entrepreneurship are essential[216]. The AMQ wholeheartedly agreed that the development of human resources is the key element of the future[217]. The FTQ summed up well the thoughts of labour on the issue. To its president, Fernand Daoust, labour training has to occur first within the workplace. Thereafter, it ought to spread to the rest of society:

> *...Les ressources humaines dans l'entreprise...c'est-là que la concertation doit prendre racines, doit s'incruster, doit s'apprivoiser...et que ça puisse descendre éventuellement et pénétrer l'ensemble de la société*[218].

But what is important to point out about the discourse of the labour union representatives, is that labour training ought to be used in the creation of high wage jobs. Indeed, during one of the workshops, a representative of the Fonds de solidarité du FTQ (FTQ's Wage Earner Fund) admitted this new thinking on the part of labour:

> *Notre stratégie immediate est d'abord de sauvegarder les emplois qui existent déjà. Quand cela sera accompli, il faudra, par le biais de la formation professionnelle, nous tourner à long terme vers la création d'emplois hautement rémunérés*[219].

It is, therefore, quite obvious that a significant shift has occurred. Full employment has disappeared from the Forum's vocabulary. Instead, an improvement of the employment

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[216] Ghislain Dufour (CPQ), comment made during the round table. Forum pour l'emploi 1991, May 5, 1991.

[217] Richard LeHir (AMQ), comment made during the round table.

[218] Fernand Daoust (FTQ), comment made during the round table.

[219] As this statement was made during a closed session of the conference, all participants were guaranteed anonymity. The date of the workshop was November 6, 1991 in Montréal, Québec during the Forum pour l'emploi.

situation has emerged as the primary concern. Now, it appears that labour training has become the important element in order to achieve competitiveness and to create new high wage jobs. This is an important nuance since it signifies that high unemployment, at least in the short-term, has become acceptable to labour. It has been much more acceptable to business generally. It is also indicative of the labour unions' acceptance of such a discourse.

It seems therefore that the new strategy embraced by the economic agents, including labour, is to develop a high wage economy based on job training, economic efficiency, co-operation between business and labour, and the acceptance of high unemployment in the short-term. In this approach, the government would also only have a supportive role in the implementation of this project. This situation differs from the confrontational environment we saw in Chapter Two during the PQ period.

It also appears clear that labour unions have abandoned their discourse on social transformation as well as their confrontational attitudes towards business and the government. Instead, they have become an enthusiastic supporter of the new bilateral arrangement in concerted action. Indeed, in this period, it has been possible to discern an important shift on the part of the labour unions towards the discourse of business. Now, it appears that labour training has become the important element in order to achieve competitiveness. This is important as it signifies that high unemployment, at least in the short-term, has become acceptable. It is also indicative of the labour unions' acceptance of such a discourse. Now it seems that the immediate strategy of

labour is to secure the existing jobs presently threatened and to create new high wage ones through labour training in the long-term. This latter point further indicates that recession alone cannot account for this shift. Indeed, face with the 1982 recession, labour was rather confrontational and was fighting to protect the gains it had achieved during the earlier decade.

The business community, on the other hand, has remained fairly consistent during both periods. It is still, in the rhetoric, against most of the intervention of the state in the economy. The state, overall, should limit its intervention to the task of creating a favourable climate to business. In other words, the state should be complementary to the private enterprise. Business also continues to oppose full employment. Full employment is seen as unrealistic from both a strategic and an economic point of view -- strategic because full employment would give too much power to labour, economic because such a policy would prevent the labour market from being flexible enough to confront the new realities of the international economy. Still, business accepts co-operative relations with labour unions, but, once again, without compromising its position of influence in the capitalist structure. Further, it prefers talking about the *improvement of the employment situation in the province.* This improvement lies in the belief that a highly skilled labour force is the key to a long-term competitive advantage.

CONCLUSION

In this chapter, we have seen that the present period differs from the days of

the technocratic corporatism of the Parti Québécois. Indeed, the confrontational approach of the labour unions during the period studied has given way to a more collaborative relationship with the business community. The rejection of the present federal structures has been unanimous throughout business (AMQ to a lesser degree) and labour organizations. As a result, all appear to agree on the necessity of devolving all related powers in the field of employment to Québec City. The main difference between business and labour on the latter point is that labour, as a whole, theorizes that this can only be done through independence while business generally judges that it could be achieved through a renewal of federalism. Further, all agree on the need to replace the existing passive labour market approach of unemployment insurance with a more active one emphasizing labour training.

We have also seen that labour unions have abandoned their discourse on social transformation. Although in the rhetoric labour unions were the uncontested defenders of full employment during the first Forum on employment in 1989 and in their briefs before the Bélanger-Campeau Commission in 1990, their recent actions during the Forum pour l'emploi and the Rendez-vous économique, at the end of 1991, indicate that this ideal has been abandoned. Rather, labour seems to have altered its discourse on full employment and acquiesced to work towards the *improvement of employment through job training*. This shift seems to have been an essential element in this rapprochement between labour and business.

Business, for its part, has not changed its discourse very much. It believes that the government ought to play a supportive role to business although it appears to be in

favour of some forms of state intervention. It also accepts the idea of co-operative relations with labour unions. But, at the same time, business opposes full employment. It prefers talking about the *improvement of the employment situation in the province*. This improvement is tied to a highly skilled labour force as the key to a long term competitive advantage.

This chapter has attempted to demonstrate that, the most significant sign that the climate between labour and business has changed is the development of an important shift on the part of the labour unions. This rapprochement is characterized by the acceptance of the development of a highly skilled labour force, an efficient economy concentrated on high value-added sectors, co-operative relations between economic agents and industries, and a high level of unemployment.

The recognition of this shift is an important realization and it leads into the following chapter which is an attempt to assess and appreciate this shift. Chapter Four then builds on the information and evidence presented in this chapter. It sets out to explain the nature of this rapprochement between labour and business in Québec.

CHAPTER FOUR - *Explaining the Rapprochement*

> *Today, the globalization of markets and internationalization of economies are exposing our businesses to an increasingly competitive environment extending beyond the borders of Canada...Such a competitive environment demands a new discipline of its participants and the ability to adapt to change...To satisfy the political aspirations of Québec and deal with the new international realities, Canada must be profoundly changed. This change is vital to the survival and development of Québec's identity, its prosperity and economic future. Unless there are basic changes to Québec's constitutional status, the crises sapping the foundations of Canada will persist*[220].

INTRODUCTION

It has become apparent throughout the last chapter that the various actions that took place between 1989 and 1991 did indeed indicate that a *rapprochement* has emerged between business and labour in Québec. The findings of that chapter have indeed demonstrated that, although in the rhetoric, labour unions are the uncontested defenders of full employment, their recent actions during the Rendez-vous économique and the 1991 Forum pour l'emploi have indicated an abandonment of this ideal. This *rapprochement* has been made possible by the shift of attitude of labour toward the business economic discourse. This discourse is characterized by economic efficiency, job training, co-operation between business and labour and industries and the acceptance of high unemployment.

The main purpose of this chapter is to demonstrate the causes that have led to

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[220] Québec Liberal Party. *A Québec Free to Choose*, Report of the Constitutional Committee of the Québec Liberal Party, January 28, 1991, pp. 16, 34.

this *rapprochement* between business and labour. This chapter will suggest that Québec's economy has become more and more specialized in the last decade bringing, in turn, a situation of dependence which has influenced the behaviour of both labour and business. Already weakened by its unequal position in market polyarchy as the result of domestic political defeats, the pressures of globalization have generated additional pressures on Québec labour unions contributing to a shift in attitude toward the business discourse. The recent developments in the global economy have contributed to increase the vulnerability of Québec's economy and fuelled by the same token, the rise of a new nationalism. This new nationalism has produced a situation where both groups have agreed to collaborate in order to face the challenges of the new global economy. These challenges have also engendered a consensus between both groups over the fact that an important transfer of powers from Ottawa is also necessary to manage Québec's dependence on its external markets.

Although the internal argument remains important and useful in understanding the recent shift on the part of Québec labour, it only contributes to part of the picture. Most arguments seen so far are strictly concerned with internal conflicts that have occurred in Québec. Consequently, the external dimension of the situation does not seem to be fully dealt with in the analyses presented by these scholars. In order to address what we believe to be a missing element in most assessments of the recent activities of Québec labour and business, we will demonstrate that the challenges of the global economy have also become a determinant factor in explaining the recent collaboration between labour and business in Québec.

To do so, the first section will be concerned with defining what type of rapprochement has occurred in Québec. We will see that it is a bilateral relationship between business and labour promoting a variant of liberal corporatism. The second section underlines the importance of the international economy as a variable. The third section will explain the rapprochement by referring to the theoretical considerations outlined in Chapter One. We will see that the rapprochement can be explained by two sets of factors, domestic and external. The last section will assess these findings and will demonstrate that this rapprochement has, in turn, generated two intertwined responses. We will see that it has brought a new trade unionism based on industrial democracy as well as producing a new economic nationalism.

COLLABORATION WITHIN A LIBERAL CORPORATIST FRAMEWORK

These elements of the rapprochement we have identified show that Québec has developed into a variant of liberal corporatism as it exists in Belgium, Switzerland and, to a certain extent, Germany. In fact, many aspects correspond to Québec's situation. However, we do not pretend to draw a full parallel between Québec and these countries. This examination will rather serve to enlighten the understanding of our case study.

The term liberal corporatism was first coined by Peter Katzenstein[221]. Liberal corporatism, according to Katzenstein, leads to a depoliticized, private and

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[221] P. J. Katzenstein, *Small States in World Market: Industrial Policy in Europe*. Ithaca: Cornell University Press, 1985. And, *Corporatism and Change: Austria, Switzerland and the Politics of Industry*. Ithaca: Cornell University Press, 1984.

decentralized arrangement where business assumes the leadership in economic matters. This approach, based on a coherent industrial strategy, also accepts market-driven change and regards efficiency more highly than equity.

The liberal corporatist arrangement is characterized by the fact that the state assumes a passive role in the economy. It will intervene only in case of grave crisis[222]. The role of the government is consequently complementary to the ones of business and labour. As a result, economic bargaining tends towards bilateralism as business and labour co-operate with each other in putting forward initiatives promoting adjustment and flexibility in face of economic change.

In this arrangement, an internationally oriented business community, defender of economic liberalism, influences the direction of policy in matters such as wages and employment. Wages are usually high and a high level of unemployment is also accepted. Unions, on the contrary, are subordinate to business. They are also decentralized, rather weak and conservative in their orientation[223]. This collaboration between business and labour occurs within an institutional arena not at the political centre but at the sectoral level[224]. Importantly, although business has a clear advantage, the role of labour is nonetheless increased as the need to co-operate is felt in the face of economic change[225]. Therefore, collaboration is influenced by

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[222] P. J. Katzenstein, *Small States in World Markets...*, p. 127.

[223] P. J. Katzenstein, *Corporatism and Change*, pp. 101-103.

[224] *Ibid.*, p. 197.

[225] *Ibid.*, p. 136.

economic changes that threaten the economic state of the country. Although there are some points that are similar to the neo-liberal approach, collaboration in face of change distinguishes liberal corporatism from neo-liberalism.

THE INTERNATIONAL ECONOMY AS AN IMPORTANT VARIABLE

According to the literature examined in Chapter One, the recent changes in the international economy have amplified the pressures put on the major groups responsible for economic development. It would seem that Québec cannot escape this phenomenon that societies around the world are facing. As a result, labour and business in Québec have had to modify their approach in order to adapt to the new realities of the global market.

The works of Gourevitch and Katzenstein enlighten our understanding of international factors as an important variable. Their respective argument, which reveals international pressures affect the behaviour of domestic economic actors, provides us with some important tools in understanding our case study. In the case of Québec, there proves to be an interesting correlation.

Peter Gourevitch argues that economic change affects the behaviour of domestic actors. Among the different crises he looks at, he demonstrates that the present one has its own particularities:

> *Interdependence, the involvement of countries in an international economy, is certainly an old phenomenon; so are its effects. From the first crisis examined here to the present one, the international division of labour has intensified. More and more countries have come to rely on specialization to increase living standards, and more and more are*

> *"dependent" on the international economy, and hence subject to its pressures. More specialization means more dependence, and this means that the international economy presses even more heavily on its units*[226].

For Gourevitch, globalization has brought a specialization of the economy. As well, this development has increased dependence on external economic markets making small economies in particular vulnerable to its fluctuations. Most importantly, he goes on to explain that the international economy affects national policies by acting upon domestic actors:

> *The international economy presses on individual countries, and it does so through working on domestic actors. It is these domestic actors who are affected by changes in international market conditions and who, as a result, seek changes in national policy*[227].

For Gourevitch, in order to understand how nations respond to change, it is imperative to determine who, among the economic actors, advances solutions on how the country should respond. Although the system may be international, the effect of the system is felt through actors within the individual nation. In other words, the impact of change on economic actors passes though politics. Therefore, domestic politics matters in the shaping of responses to the international economy.

The explanation of what causes shifts in attitude among economic agents can be determined by numerous factors affecting policy choices and the overall economic environment. According to Gourevitch:

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[226] Peter Gourevitch, *Politics in Hard Times: Comparative Responses to International Crises*, Cornell University Press, Ithaca: New York, 1986, p. 235.

[227] *Ibid.*, pp. 235-236.

> *The relationship among variables is not a constant. Relationships alter with circumstances and with periods; that is, they are not theoretical but sociological. The world changes the balance between ideology and force, between institutions and economic interests*[228].

In other words, change is the only constant and as a result arrangements must be flexible and must continuously adapt to change. Therefore, relationships between economic actors are not perceived to be fixed.

Peter Katzenstein, in his study of small European states, also brings an interesting argument. He argues that the economic openness and dependence of these states in the world market lead to collaboration. As the result of economic openness and dependency acting as constraints, business and labour leaders in a liberal corporatist arrangement respond by seeking broad compromises. Therefore, strong external pressures force these elites in these small countries to adapt to change in order to maintain their countries' economic competitiveness.

> *For the small European states, economic change is a fact of life. They have not chosen it; it is thrust upon them...Instead, elites in these small states, while letting international markets force economic adjustments, choose a variety of economic and social policies that prevent the costs of change from causing disruption in the system. They live with change by compensating for it*[229].

Then, a recognition by the economic actors, of the smallness and the fragility of their country's economy seems to encourage domestic collaboration as a means of enabling them to adjust to unforeseen developments and to hold together domestic societies

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[228] *Ibid.*, p. 66.

[229] P.J. Katzenstein, *Small States in World Markets*, p. 24.

continuously threatened by the external instabilities of international markets. It does not, however, mean that tensions do not exist between the main social groups. In fact, business and labour, in these small corporatist states, often disagree. However, consensus on the important orientations are most often reached and the disagreement exists only on details rather than on principles.

EXPLAINING THE RAPPROCHEMENT

So far it has been possible to discern in Chapter Two and Three a rapprochement between business and labour on a discourse on economic policy by the end of 1991. This new collaborative relationship has been made possible due to a shift on the part of labour towards the business discourse. As Gourevitch just pointed out, domestic politics matter. In our case study, which is also concerned with the movement of the economic actors, the domestic element is an important variable. This factor, although it is not the only one, is nonetheless important since it affects also the response of actors in face of change. Thus, we will see in the next section that domestic elements have had an impact on the policy choices made by Québec labour as a result of pressures coming from the international economy. Thereafter, we will show that international economic pressures have had an additional impact on the situation.

Domestic Considerations

There are several reasons that can explain the nature of the rapprochement

between labour and business in Québec. The pressures of the international economy and the dependence of Québec's economy on international markets are also definite explanations. As well, since policy responses occur within domestic politics, this variable has had a role to play in the collaborative mood identified in Chapter Three. Before we look at the new attitude of Québec labour unions in face of change, it seems warranted to demonstrate what elements may explain the failures of labour on the domestic front.

Throughout Chapter Two and Three a common theme has evolved. It has been possible to discern a constant weakening of labour unions' position in Québec politics. It is clear that labour has failed many times to secure gains through regular political arenas. Numerous political defeats seem to have encouraged labour to seek alternative ways to obtain economic gains. But why all these failures? Several reasons seem to explain these lacks of success: Structural problems, the fragmented nature of Québec labour, the lack of direct political action, and the familiar problem of collective action.

Structural Problems

Representing only about 40 percent of the labour force, the unions cannot claim to represent the majority of workers. Further, there are still more heads of family on welfare or unemployed than there are members in the three major union federations[230]. This problem of representation is amplified by the fact that none of

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[230] M. Simard & G. Gagnon, "The Future of the Trade Union Movement," in M. Raboy, ed., *Old Passions, New Visions: Social Movements and Political Activism in Quebec*, Toronto, 1986, p. 224.

the trade-union federations are highly centralized. The consequence of this difficulty is that the FTQ, CSN, and CEQ can not force their affiliates to comply with decisions taken during initiatives. The same situation prevails within the small CSD.

The structural problems of individual unions are also exacerbated by the fact that labour does not play an important role in collective bargaining. For the most part, collective agreements in Québec are decentralized and are negotiated between the local union and the individual employer[231].

Fragmented Nature of Québec Labour

One of the major reasons for Québec labour's weakness to act politically is the fact that it has always been fragmented not only physically but ideologically as well. The historical origins of the largest labour unions demonstrate well this reality.

The CSN originates from the Confédération des travailleurs catholiques du Canada (CTCC) which was initially created in 1921. The CEQ, for its part, originates from the Corporation générale des instituteurs et institutrices catholiques (CIC) organized in 1945. The CSN and the CEQ were originally confessional unions which have always cherished their independence from American and Canadian unions. As a result, they have often used this situation to claim that they were the only French-Canadian ou Québécois unions capable of defending francophone workers from the

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[231] Brian Tanguay, "Concerted Action in Quebec, 1977-1983: Dialogue of the Deaf," in A.G. Gagnon (ed.), *Quebec: State and Society* , Toronto: Methuen, 1984, p. 378.

Anglo-Saxon capitalist world[232]. This element also explains the nationalist tone of these unions.

The CTCC, most particularly, rejected the ideologies proposed by the international unions. It criticized the international unions, of not only being American, Protestant, liberal and neutral, but also of being inspired by the rationalist philosophy and by materialistic industrialism[233]. The Catholic unions were also suspicious of their international counterparts believing they were led by Communists[234]. As a result, relations were most often tense with internationally affiliated Québec unions, most particularly with the Fédération provinciale du travail du Québec (FPTQ) which was to become part of the FTQ later.

The CTCC reflected originally the doctrine of the Catholic Church in which it added populist notions, some ideas of Mounier and elements of leftist Christianism. All these ideas reflected a type of social humanist[235]. The other Catholic union, the CIC, shared most of the same ideas[236]. These confessional unions believed in the role of the state in protecting the vulnerable, in establishing minimum working

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[232] François Demers, *Chroniques impertinentes du 3ème Front commun syndical*, Montréal: Éditions Nouvelle optique, 1982, p. 28.

[233] Louis Maheu, "Problème social et naissance du syndicalisme catholique," in F. Harvey, *Aspects historiques du mouvement ouvrier au Québec*, Montréal: Boréal express, 1973, p. 133.

[234] J. Rouillard, *Histoire du syndicalisme québécois*, p. 175.

[235] Léo Roback, "Les formes historiques de la politisation du syndicalisme au Québec," in G. Dion (ed.) *La politisation des relations du travail*, Québec: Les Presses de l'Université Laval, 1973, p. 17.

[236] J. Rouillard, *Histoire du syndicalisme au Québec*, p. 360.

conditions and guarantying fair wages. The unions, however, were not permitted direct political action or to participate in government since the domination of workers on the state went contrary to the Church doctrine. As well, the social doctrine of the latter recommended the maintenance of social peace and discouraged conflicts between workers and employers. These unions, until the late 1950s, saw themselves as sharing the same vocation and being part of the same social movement which aimed at catholicizing capitalist society.

Another aspect important to these unions at the time was the defense of the traditionally religious French-Canadian community, a community they felt was threatened from the transition of a traditional society to an industrial one[237]. It was these nationalistic interests of the French-Canadian community that the Catholic union saw as imperative to defend. Consequently, these unions, particularly the CTCC, could not accept to dilute their cause within a participation with international unions in particular. To do so would have been contrary to the religious traditions and the collective homogeneity of the French-Canadian community.

The creation of the CSN and the CEQ[238], in 1960 and 1967 respectively, completed the movement that led to the abandonment of the religious overtones that had existed for decades among the CTCC and the CIC. However, it did not eliminate their nationalist vocation. The religious elements were then replaced by a more

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[237] L. Roback, "Les formes historiques de la politisation du syndicalisme au Québec," pp. 132-136.

[238] One should note that the abbreviation *CEQ* meant the *Corporation des enseignants du Québec*. It then became the *Centrale de l'enseignement du Québec* in 1974.

Marxist conception of society in the late 1960s that aimed at liberating Québécois workers from Anglo-Canadian and foreign capital.

The fact also that most of their new memberships in the 1960s came from the public sector also exacerbated their differences with the FTQ which was predominantly private. In the early 1970s, the historical tensions between the CSN and the FTQ amplified after the CSN, attempting to compensate for the loss of thousands of members due to the departure of some of its conservative elements, raided the FTQ of some of its members. Then, the early historical mistrust that had existed between Catholic and international unions carried over after the creation of the FTQ. Therefore, the CSN and CEQ's early ideological influences, their nationalism and their virtual independence from American and Canadian union organizations have been elements that had a definite impact on their confrontational approach.

The CSD was created in 1972 following a dispute within the ranks of the CSN. Feeling that the CSN was no longer close to their syndicalist convictions, the more traditional and conservative elements within the union, opted to leave in order to create an independent union representing workers from the manufacturing sector. The CSN's ideology of confrontation during the period made these traditional elements feel uncomfortable. This relatively small and independent union has always proned a concerted approach with government and business believing it was a far more viable option in regard of its interests. Because of its conservativeness as well as the factors that led to its creation, the CSD has always been isolated within the Québec labour movement.

The FTQ was formed in 1957 from the merging of two international unions affiliated to American unions (AFL-CIO) and the Canadian Labour Congress (CLC): the Fédération provinciale du travail du Québec (FPTQ) and the Fédération des unions industrielles du Québec (FUIQ). The FPTQ, the largest of the two, was characterized by its conservativeness and its softness vis-à-vis the Duplessis régime. This union was part of the American tradition of Gomperism which saw the role of trade unions as more or less lobby groups[239]. It was satisfied with the approach of maintaining ties with governmental authorities in order to obtain short-term gains. The FUIQ, on the contrary, was known for its radicalism and its political positions against particularly the Duplessis regime. The fact it represented industrial workers from the primary sector against Duplessis' big stick was among the primary reasons of this position. The small union was also influenced by the militantist of its American parent the CIO and was therefore in favour of political action having thrown its support in the creation of the Commonwealth Co-operative Federation (CCF) in 1943. The FUIQ was also social-democratic in its orientation.

In addition to these characteristics, it is important to note that these international unions had for central preoccupation the defense of the interests of the working class as a whole. They criticized especially the social and economic order that was favouring the business class. Consequently, these unions, particularly the FUIQ, were naturally opposed to the other Catholic unions in the province. They qualified

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[239] L. Roback, "Les formes historiques de la politisation du syndicalisme au Québec," p. 33.

these confessional organizations to be reactionary and pro-capitalist as well as encouraging exploited workers values such as acquiescence and submission vis-à-vis employers[240]. International unions could not accept the intervention of the Church in economic and syndicalist affairs since it was in favour of the maintenance of the social and economic order and promoted, what they considered, values contrary to the principles they defended.

The merging of these two unions in the late 1950s, which led to the creation of the FTQ, would influence the evolution of the union federation in terms of ideas in the next decades. Its position vis-à-vis political participation continued this tradition and followed as well the social-democratic current made by its American and Canadian affiliates. The vocal nationalism expressed by the CSN, most particularly, also pushed the FTQ to show in the late 1960s that it was also pro-Québécois. But this radical nationalism was to last only until the break-up of the Common Front in the early 1970s. Thereafter, the FTQ went back to its ideology of lobby group where it sought to obtain short-term gains through collaboration.

The FTQ is also different from the other unions since it is an international union that is integrated into the North American trade union structures. It is associated with the Canadian Labour Congress (CLC) which is itself linked to American unions (AFL-CIO). In 1957, the FTQ was simply subordinated to the CLC but this status has evolved considerably since then. In fact, the last thirty years have witnessed important

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[240] L. Maheu, "Problème social et naissance du syndicalisme catholique," p. 137.

revendications on the part of the FTQ which have resulted into a sort of asymmetrical syndicalism between the two labour organizations[241]. This special status has permitted to the FTQ to act more or less as an autonomous labour union. Tensions, however, between the FTQ and the CLC have resurfaced recently. The adoption of Bill 178 and the failure of the Meech Lake accord have degraded considerably the political relations between the two unions. Furthermore, initiatives such as the socioeconomic conferences, the Fonds de solidarité and Corvée-habitation have put uncomfortable some elements of the CLC which have considered this orientation contrary to the great traditions of the labour movement[242].

What is also important to note is that Québec labour unions have a history of competing against each other in terms of ideology and membership. The 1920s, 1930s, and 1970s have witnessed competition between unions that has, not only prevented cohesiveness, but also brought rivalry and bitterness within the Québec labour movement. This early situation soon legitimized allegiance to a particular union instead of developing loyalty to the Québec labour movement as a whole. Therefore, labour relations have been marked over the decades by tensions and conflicts rather than collaboration and unity.

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[241] Jean Francoeur, "Un syndicalisme asymétrique," *Le Devoir*, Editorial, July 27, 1992, p. 12.

[242] *Ibid.*

Lack of Direct Political Action

In Chapter One, we have seen that there is two ways that labour can secure gains in the political arena. The first approach, direct political action, refers to a more proactive role on the part of labour in the political process whether through participation within traditional political parties or through the creation of an independent political party that would represent the interests of the working class. The second type of response, non-partisanship, goes contrary to direct political action since it opposes direct political involvement in a political party and participation in joint partnership with government and business.

It appears obvious that labour unions have opted, in part, for the non-partisanship option. This approach can be explained by the fact that, despite having flirted with this idea at some point, labour unions have historically resisted the creation of a labour party. As well, they have most of the time opposed direct political participation in political parties. Instead, they have believed in attempting to influence political parties when it was deemed necessary. On these points, Québec labour has long followed the North American tradition of non-partisanship.

The most faithful inheritor of this tradition is the FTQ. After the merging, the FTQ followed the behaviour of its American affiliate the American Federation of Labour. Political action was not totally out of question but it had to be conducted in a prudent manner with sporadic and non-partisan interventions. This approach was preferred since it was perceived as the best way to maintain a certain level of relations with the government in order to obtain short-term material gains. The CSN and the

CEQ, for their part, were totally against political participation. Because of historical values originating from their confessional past, they continued to believe that it could only lead to a loss of autonomy for the unions. As a result, they have always preferred to remain independent from politics.

Problem of Collective Action

This fragmentation and this unwillingness to participate directly in the political process outline the familiar problem of collective action that the labour movement is facing in the province. As it stands, Québec labour is formed as a class in a number of independent and competitive organizations. Weakened by domestic political defeats and by historical fragmentation, collective action has been difficult to achieve for the Québec labour movement.

Since political action has failed on numerous occasions and that the creation of a labour party is not on the horizon, it is obvious that labour unions' position is not represented in the Québec National Assembly. Then, by the end of the 1980s, burned by mostly unfruitful political participation with the bourgeois Parti Québécois, labour had a weaker position in market polyarchy and, consequently, in politics as well. This situation has had the effect of de-radicalizing labour and has directed labour to work for short-term gains. As a result of striving for short-term gains by collaborating with business, Québec labour has compromised its chances to be a powerful and independent political movement.

Therefore, this incapacity to act effectively in politics has pushed labour unions

to turn themselves to business for short-term gains. Then, collaboration with business has become acceptable and legitimate. But, as mentioned earlier, domestic defeats are insufficient to explain this shift on the part of labour. The pressures of the international economy on labour as well as on the Québec economy as a whole have also contributed to this new attitude toward partnership.

In the next section, we will see that the effects of the recent realities of the globalization of the international economy have also been felt by labour and business in Québec. The consequences of globalization have further influenced labour to seek alternative ways to obtain short-term gains which has, in turn, led to collaboration with business. Business, on the other hand, benefits from such collaboration as it aims to adapt to the new realities of the global market. Further, due to the vulnerability of Québec's economy in the world market, the pressures of globalization have also influenced labour and business to collaborate. This collaboration, however, has tilted to business's advantage.

External Considerations

Recalling Gourevitch, the international economy presses on individual economies and does so by working on domestic actors. Domestic politics remains important and useful in understanding the recent rapprochement, but the external variable and its effects are equally important in explaining the response developed by labour and business. As we will see in this section, the vulnerability of the Québec economy in face of globalization and its great degree of dependence on external

markets, are important elements that must be taken into account. Québec's exports have become more and more specialized in terms of products. As well, the destination of its exports have become more concentrated on the United States over recent years. Although, the Canadian market remains still an important market for Québec's goods, its relative importance has been declining. The situation has, in turn, developed into a position of dependence vis-à-vis external markets, particularly the American one. As we will explain, these elements have also contributed to create a sense of crisis and have compelled economic actors to seek alternative policy options.

Dependence and Vulnerability

Québec's economic structures have evolved with international economic changes. The globalization of markets and rapid technological change have necessitated a new approach in order to improve the competitiveness of Québec's economy. As well, having a developed and diversified economy and a population of about 6,7 millions, Québec's internal market is obviously insufficient to optimize its productive ressources. This situation bring three consequences. First, because Québec cannot consume all it produces, it has to turn itself towards exportation. Second, exporting in a competitive environment also signifies keeping pace with the international market in terms of specialization. Third, the need to specialize its exports results in an important degree of dependence on external markets. This section will demonstrate these points by first showing an overview of Québec's commercial trade. Then, it will show the evolution of the specialization of the province's exports over

the last two decades. As well, it will establish that despite these efforts, Québec's economy is not only more dependent on external markets but that it is also vulnerable.

Québec is heavily dependent on both Canada and the United States for its exports. In 1989, international exports of Québec goods were equivalent to approximately 20 percent of its GDP[243]. Further, if one includes trade in goods and services with the other provinces, the percentage of GDP amounts to almost 40 percent making Québec a very open economy[244]. The Canadian market has traditionally been, and still is, an important market for its exports. Its importance, however, has decreased in recent years. Although in 1974 this market accounted for 68.5 per cent of the province's total exports, its importance has declined to 55.4 percent in 1984[245]. Of this total in 1984, 61 per cent went to Ontario alone making the province Québec's most important economic partner in the Canadian federation[246]. During the same period, interprovincial exports only grew by 3 per cent per annum compared to a growth of 33 per cent for international exports[247]. This increase in terms of exports has been achieved through an important shift toward the American market. It is

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[243] National Bank of Canada. *Overview of the Quebec Economy*. Economic Review. Bibliothèque nationale du Québec and National Library of Canada, Vol. 10. No. 1, 1st Quarter 1989.

[244] Ministère du Commerce extérieur et du Développement technologique. *The Canada-United States Free Trade Agreement: A Quebec viewpoint*. Bibliothèque nationale du Québec, 1988, p. 8.

[245] André Raynauld, "Les enjeux économiques de la souveraineté." Brief presented to the Conseil du patronat du Québec, October 1990, p. 55.

[246] *Ibid.*

[247] *Ibid.*

important to point out that the concentration of Québec' exports on the U.S. market is not a new phenomenon. But what is important here is that this trend has become stronger at the expense of interprovincial exports.

Every year since 1978 the United States has accounted for at least 60 percent of Québec's exports. In 1990, the United States alone purchased 74.8 of Québec's international exports[248]. This increase has also been achieved at the expense of other foreign markets. In 1980, Europe accounted for 25.3 per cent, Latin America for 5.1 per cent, Africa and Middle East for 3.6 per cent, and Asia and Oceania for 6 per cent. In 1990, these same numbers were: Europe (15.2%), Latin America (2.6%), Asia and Oceania (5.4%), and Africa and Middle East (2%). This progression toward the American market marks a definite concentration of Québec's exports. What is also interesting is that these exports are geographically concentrated as well. Indeed, 72 percent of the exports to the United States were destined to the Atlantic\New England and central northeast regions (1987)[249]. Considering this trend, it is then obvious that the enthusiastic support of the Québec National Assembly vis-a-vis the Free Trade Agreement between Canada and the United States came as no surprise[250]. This decrease of the relative importance of the Canadian market since 1974 can be

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[248] Source: Gouvernement du Québec, *Québec and Interdependence, Global Horizons*, Ministère des Affaires internationales, Bibliothèque nationale du Québec, 1990, p. 44.

[249] François Rocher, "Continental Strategy: Québec in North America," in A.G. Gagnon, *Québec: State and Society*, 2nd Ed., Scarborough: Nelson Canada, 1993, p. 452.

[250] We ought to specify that the province was not quite monolithic on the issue. Some groups, such as trade unions as well as industries vulnerable to such development, were opposed to free trade.

associated with the multilateral liberalization of the GATT during the period. There are good reasons to believe that, with the Canada-U.S. Free Trade Agreement, this trend is apt to continue. In other words, Québec is likely to focus more on external than interprovincial trade in the future.

Another feature of Québec's exports is intrafirm trade. Intrafirm trade is a type of *international* trade that occurs between subsidiaries of foreign-owned firms. It was estimated that about 60 percent of Canadian exports in 1978 were attributable to this factor[251]. In the case of Québec, it is assumed that intrafirm trade could represent approximately between 50 and 60 percent of the province's exports[252]. This assumption is based on two elements. First, the similarity in terms of products with Canadian exports indicate a similar picture[253]. Second, Québec's exports are predominantly concentrated in a few enterprises controlled for the most part by U.S.-owned firms[254].

Québec's industrial structure has also changed considerably over the same period. No longer can Québec be considered simply an exporter of raw materials. In fact, Québec has progressively become in recent years a more competitive exporter.

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[251] Bernard Bonin, "U.S.-Quebec Economic Relations: Trade and Investment," in A.O. Hero & M. Daneau (eds.) *Problems and Opportunities in U.S.-Quebec Relations*, Boulder:Westview Press, 1984, p. 22.

[252] B. Perron, "Les contraintes entre le Québec et les Etats-Unis," *Politique* , 7, Winter 1985, pp. 19-20. Cited in F. Rocher, "Continental Strategy: Québec in North America," p. 453.

[253] B. Bonin, "U.S.-Quebec Economic Relations: Trade and Investment," pp. 22-23.

[254] *Ibid.*

Indeed, exports of food and livestock which amounted to 5.3 percent of total exports in 1974 were maintained at 5.6 percent in 1987 while raw materials have shrunk from 19.7 percent to 6.4 percent over the same period[255]. Exports of semi-finished goods have relatively remained at the same level from 51.1 percent in 1974 to 50.1 percent in 1987[256]. The international exports of finished goods have, however, increased considerably, climbing from 23.9 percent of total exports in 1974 to 37.9 percent in 1987[257].

It thus appears clear during this period that the manufacturing sector has experienced an important transformation. Québec's exports which had long focused solely on the domestic Canadian market is increasingly targeting international markets. This situation has been influenced by various governmental policies in the 1960s and 1970s aimed at building a series of small, modern, technologically advanced enterprises. This strategy paid off in the 1980s as high-tech industries such as aeronautics, electronics and pharmaceuticals emerged. Consequently, finished products sold in all of Québec's foreign markets are diverse: telecommunications equipment, aviation engines and parts, machinery and office products, airplanes and a variety of paper products. International successes of firms such as Bombardier, Cascades and SNC, to name a few, have instilled a sense of pride and confidence among Quebecers.

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[255] National Bank of Canada. *Overview of the Quebec Economy*. Economic Review. Vol. 10, No. 1, Montreal, 1st Quarter 1989, p. 5.

[256] *Ibid.*

[257] *Ibid.*

Further, the vitality of the Small and Medium Businesses (SMB) have, over the years, come to play a larger role within Quebec's economy. Several studies have indicated that SMBs are not only a prime source of jobs but a mainstay of the economy when times are hard. In comparison with large businesses, SMBs lose proportionally fewer jobs during a recession; respond more quickly to a recovery; and maintain steady growth. In terms of employment, SMBs generated, between 1978 and 1986, 302,900 jobs while large businesses cut 102,800 jobs[258]. More importantly, with the growth in subcontracting (intrafirm trade), numerous small and mid-size highly specialized manufacturing firms have positioned themselves and are occupying a very specific niche. With the opening of markets, this shift toward the tertiary sector will likely amplify since traditional sectors, such as textiles, will face restructuring through mainly modernization or simply be replaced by other more competitive industries. This shift toward more specialization can also be shown in the distribution of the labour force. Table 1 on the next page illustrates this situation between 1971 and 1990.

These points demonstrate well the high level of dependence of the Québec economy on international, particularly American, markets. As demonstrated, greater specialization has increased the degree of dependence on the international economy. Despite efforts, however, aimed at adapting the province to the new realities of the market, the situation has remained difficult for the province's economy. Québec's

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[258] *Ibid.*, p. 4.

Table 1:

Distribution of the labour force in terms of industrial sectors (in%)

	1971	1981	1990
Primary industries	5,6	4,1	3.0
Secondary industries	30,6	26,0	24,3
Tertiary industries	56,2	69,9	72,7

Source: Robert Boily, "Profil du Québec," in D. Monière *L'année politique au Québec, 1987-88.*, Editions Québec/Amérique, 1989, p. 183 and *L'année politique au Québec, 1988-89.*, p. 209.

economy has been hit particularly hard by the recent developments in the international economy. In fact, gains made in the 1960s and 1970s were fragile and are now in danger to be lost due to the vulnerability of Québec's economy. These developments have put severe strains on Québec's economic structures. As well, they have put intense pressures on labour and business.

Although much noise has been made about the vitality of Québec's industrialized economy[259], the economic situation in the province has continued to experience structural difficulties in the 1980s. Despite several consecutive years of growth, the level of unemployment has been, on average, 11,3 per cent between 1981 and 1990. If one adds the proportion of individuals who have abandoned any hope of finding work, as well as those on welfare, one may conclude that the real level of unemployment in Québec has been around the 18-20 percent range for most of the

[259] See: Thomas J. Courchene (ed.), *Quebec Inc.: Foreign Takeovers, Competition/Mergers Policy and Universal Banking*. Kingston: School of Policy Studies, Queen's University, 1990. Also: Matthew Fraser, *Quebec Inc.* Toronto: Key Porter Books, 1987.

decade. Further, employment growth has been low compared to other North American centres. From 1979 to 1988, employment growth was 14,6 per cent in Québec in comparison to 21,7 per cent in Ontario, 21,8 per cent in Canada, 21,4 per cent in Massachussetts, 20 per cent in New Jersey, and 15,1 per cent in New York State[260]. Worse, entire regions in Québec, such as the Gaspésie and the Abitibi, were experiencing alarming levels of unemployment above 20 per cent[261]. Moreover, if one compares the situation with all the OECD countries, only Spain and Ireland have had a higher unemployment level than Québec during the last decade[262].

Progress made in the 1960s and 1970s through labour militancy and state intervention, has been going in reverse ever since the 1981-82 crisis as labour's power declined[263]. Real wages and productivity are falling while income disparity and poverty have re-appeared. In 1986, it was estimated that 1,2 million persons live under the poverty line in the province[264]. Although numbers for 1991 are not yet obtainable, there are good reasons to believe that the situation has worsened.

Worse still, Montréal, the economic engine of the province, has been faced by deindustrialization. Part of its industrial structure has become old and many traditional

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[260] Paul Cochon, "Le CPQ juge intolérable la situation de l'emploi" *Le Devoir*, August 28, 1991.

[261] Conseil des Affaires sociales. *Deux Québec dans un: rapport sur le développement sociale et démographique*. Boucherville: Gaëtan Morin, 1989.

[262] *Ibid.*

[263] Alain Noël, "Politics in a High Unemployment Society," in A.G. Gagnon *Québec: State and Society*, 2nd Edition, Scarborough: Nelson canada, 1993, pp. 433-437.

[264] Cited in *ibid.*, p. 422.

industries are disappearing. Indeed, labour-intensive and low-value-added industries such as leather goods, textiles, and clothing have been ravaged by foreign competition[265]. In the transportation industry, the port of Montréal has lost 30 per cent of its jobs while Canadian Pacific and Canadian National have each lost 40 per cent of their rail jobs during the 1980s[266]. Dorval and Mirabel airport's share of traffic has continued to decline over the same period[267].

Before this situation, Montréal led, by the end of the 1980s, all other Canadian cities in terms of unemployment and poverty[268]. In fact, almost a third of its population lives in poverty[269]. But what is the most alarming is that it is the youth that is the most severely hit by this trend. A significant study revealed that over 20 per cent of pupils in 117 out of the 154 primary schools of the Montreal Catholic School Commission live in poor families[270]. By the end of the decade, it was clear that high unemployment and poverty were permanent features in the province.

The further globalization of markets has added new pressures to an already

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[265] Jacques Léveillée & Robert K. Whelan, "Montreal: The Struggle to Become a 'World City,'" in Denis Judd & Michael Parkinson (eds.) *Leadership and Urban Regeneration: Cities in North America and Europe*. Newbury Park: Sage Publications, 1990, p. 153.

[266] *The Montreal Gazette*. "Mirage or the real thing?," Editorial, January 20, 1992.

[267] *Ibid.*

[268] Fortin, Pierre; "Le plein emploi sans inflation est-il possible au Québec?" in *Action Nationale*, March 1991, p. 360.

[269] D.G. Tremblay & V. Van Schendel. *Économie du Québec et de ses régions*. Montréal: Saint-Martin, 1991. Cited in A. Noël, "Politics in a High Unemployment Society," p. 422.

[270] D. Demers. La capitale des pauvres. *L'actualité*. September 15, 1990. Cited in A. Noël, "Politics in a High Unemployment Society, p. 422.

declining economic situation in the 1990s. With developments such as free trade with the U.S., and the emergence of aggressive new competitors in the world market, Québec industries have to compete not only on a national scale but also on a continental and global scale. Faced with fierce international competition, the entire province's industrial structure is showing signs of deficiency and needs to be rejuvenated. Indeed, plant closures have continued to be a familiar sight in the East end of Montréal. Old plants, like Angus (CP) and the Vickers shipyards, have terminated their activities[271]. Some more sophisticated ones, such as the Kemtec's petrochemical plant, have not been spared either. Following the first year of the Free Trade Accord with the United States, it was estimated that more than 51,000 of the province's 537,000 manufacturing jobs evaporated[272]. And the list goes on. At one point in 1991, 188,000 persons were unemployed in Montréal which represented 15.1 percent of the province's active labour market[273].

In other parts of the province, the pulp and paper industry is also in serious difficulty in face of globalization. For the fiscal year 1991/92, the industry was predicting losses totalling one billion dollars[274]. In 1991 alone, two important pulp mills have stopped their operation in Matane and Port-Cartier. But what was alarming

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[271] André Noël, "Redévelopper l'Est de Montréal," *La Presse*, September 21, 1991, p. B1.

[272] Barrie McKenna & Ann Gibbon, "Quebec economy troubled," *Globe & Mail*, June 30, 1990, p. B1.

[273] Monique Richer, "Montréal: un taux de chômage désastreux," *Journal de Québec*, April 29, 1991, p. 8.

[274] Laurier Cloutier, "Papetières: 16 000 mises à pied en vue," *La Presse*, September 18, 1991, p. D1.

was the fact that those mills were ultramodern[275]. Those that are still in operation are considering massive lay-offs to ensure profitability[276]. The furniture industry is also experiencing difficulties in order to adapt to the new realities of free trade[277]. Indeed, Québec manufacturers are struggling to produce furniture at a cost comparable to their U.S. competitors. To make matters worse, even *economic corporate giants* like the engineering firm Lavalin have fallen, and financial tycoons such as Raymond Malenfant are in very serious difficulties.

Faced with the new realities of the globalization of markets, where high technology and human capital are essential elements for success, the situation in Québec is grim. In terms of R & D spending, Québec spends the equivalent of 1.29 percent of GDP which is below the Canadian average (1.35 percent). If one compare these figures with Sweden (2.99 percent), The United States (2.86), Japan (2.83) and Germany (2.72), one may conclude that Canada and Québec have much to do to catch up to their competitors[278]. In term of human capital, the situation is not much better. According to a recent study of the Conseil de la science et de la technologie du

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[275] *The Globe & Mail*, "The Decline of Quebec Inc.", Editorial, October 18, 1991, p. A16.

[276] Indeed, of the 32,000 jobs in the province's forest industry, 16,000 are threatened by lay-offs. The president of the Québec Forest Industry Association (AIFQ), André Duchesne, blamed the intensity of international competition for the situation. To the president, only higher technology and a reduction of labour could ensure the competitiveness of the Québec forest industry. Laurier Cloutier, "Papetières: 16 000 mises à pied en vue," *La Presse*, September 18, 1991, p. D1.

[277] Claude Turcotte, "La situation économique alerte patrons et syndicats," *Le Devoir*, September 19, 1991, p. A1.

[278] Source: Government of Québec, "Québec and Interdependence...," p. 61.

Québec (Québec government's Advisory Board on Science and Technology), skilled and highly skilled labour only represented 4.63 percent of Québec's active labour force which is, once again, below the Canadian average (4.85 percent). Still, Canada ranks 15th out of 22 countries in this area[279].

Worse, labour training is such an acute problem in the province that, although 350,000 Quebecers are unemployed, over 80,000 specialized positions are vacant due to a shortage of skilled labour[280]. Moreover, while West German firms invest an average 170 hours in training per employee, those in Québec only invest 2 hours[281]. Still, in 1987, it was discovered that Québec firms invested only 3/10th of one per cent of their wage bill in labour training. Québec is far behind other countries in this field since the Americans invest twice as much, the Japanese five times, Scandinavians six to seven times and the Germans eight times more[282]. These paradoxes clearly exemplify the inadequate state of job training in the province.

Given the context of the present recession, with a level of unemployment around 12 per cent, there is no indication that the situation will improve in the near future. A recent government report has indicated that the Montréal region will

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[279] Source: Caroline Montpetit, "Le Québec traine loin derrière dans la formation de la main-d'oeuvre," *Le Devoir*, May 31, 1991, p. A3.

[280] Claude Turcotte, "Claude Béland lance un appel à l'action à l'ouverture du colloque du Forum pour l'emploi," *Le Devoir*, November 6, 1991, p. A5.

[281] Miville Tremblay, "Les plus à gauche parlent du plein emploi", *La Presse*, June 25, 1991, p. D2.

[282] Miville Tremblay, "Formation professionnelle: le Forum pour l'emploi sonne l'alarme", *La Presse*, September 6, 1991.

experience a quasi-stagnation in employment levels until 1995[283]. Furthermore, it was estimated that out of 601 278 welfare recipients identified in April 1991, 332 057 were able to work[284]. Still, the age average of this group was 38 years-old[285].

Undoubtedly, Québec's economy is in deep crisis and is therefore vulnerable before the new economic realities of the global market. It is equally obvious that its greater dependence on external markets has led to a re-structuring of the province's industrial structure toward the production of high value-added goods leaving in a precarious position less competitive sectors of the economy as well as unskilled workers.

Impact on Labour

The new challenges of the international economy on Québec's economy have indeed contributed to alter labour's approach. The consequences of the Canada-U.S. Free Trade Accord, the shut down of old plants in the textile and transportation industries, the decline of large factories in the resource-based sector, and the possibility that labour intensive manufactures could move to Mexico under a new free trade agreement, have contributed to the considerable pressures on labour. As seen earlier, Québec's commercial trade has shifted toward the tertiary sector and this shift

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[283] S. Contenta, "Bleak Quebec economy in 'state of emergency,'" *Toronto Star*, September 20, 1991. Denis Lessard, "Stagnation de l'emploi à Montréal d'ici 95," *La Presse*, September 18, 1991, p. A1.

[284] "Le Rendez-vous économique 1991 du secteur privé," working document, September 18 and 19, 1991, p. 11.

[285] *Ibid.*

will likely continue. With the opening of markets, these primary and secondary sectors, which were at one point an important source of union membership, are declining and are increasingly replaced by other more competitive industries. This change in the industrial structure, which has been brought by a greater specialization of Québec's economy, influences labour to reconsider its past strategies and to target a different clientele for its membership.

Moreover, high rates of unemployment have undercut even more organized labour's market power. Although high unemployment is not a new phenomenon in the province, the worsening of the situation has not helped the position of labour. A large reserve army of unemployed has given business more freedom to dictate its own terms in order to be more competitive. Then, with a drop in investment and high unemployment, labour has become moderate and has abandoned, for at least the short-term, its demand for full employment. Québec business has therefore been more able to induce flexibility to bring changes in the mode of production or in the introduction of new technology.

These new realities have caused the fragmentation of Québec labour to proceed further in the 1980s. Indeed, the effect of the changing international economic environment has moved workers towards individualistic mobilization as the market encourages individual excellence. As a result, it has put some segments of labour in an advantageous position. The highly-skilled workers have benefitted from relatively high paid, secure jobs, while low skilled workers in the manufacturing sector have been most often victims of structural unemployment. Moreover, labour unions in Québec

have had to face fragmentation within their ranks as specialized groups created their own independent unions to defend their specific interests[286].

The development of this individualistic culture has had a further impact. Unity among the large labour unions is disappearing as united fronts to negotiate collective agreements, as it was frequent in the 1970s, have become too difficult to organize as unions prefer to go after their particular interests at the expense of labour solidarity[287]. A notable example is the fact that the FTQ in 1987 accepted the government's offer to extend the collective agreement of their public sector members by one year. The CSN and the CEQ went the opposite way by rejecting the same offer. In fact, both of these unions had already shown very little enthusiasm in the idea of a Common Front in the 1986-87 negotiation round[288]. The problem with the FTQ's decision in particular is that, in having its collective agreement ending at a different time as the other unions, it will make it almost impossible to have any other common action in the future. As a result, globalization has fragmented Québec labour more than ever. As workers compete against one another, the labour movement is weaker as a result.

The effects of the global economy have contributed to create a fertile environment propitious to collaboration between labour and business. Greater

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[286] J. Rouillard, "Le mouvement syndicale," in D. Monière, *L'année politique au Québec, 1987-1988*. p. 153.

[287] *Ibid.*, 154.

[288] Centrale de l'enseignement du Québec (CEQ), *Bilan de la ronde de négociations, 1985-87*, juin 1987.

specialization also means greater dependence on the international economy. This dependence, in turn, is pressing economic actors to find ways to improve, not only their individual position, but also seek to influence economic policies. As we will see in the next section, two intertwined responses have developed. One is related to the shift of labour toward a new trade unionism which seeks a certain partnership with business. The other is the rise of a new brand of nationalism.

Toward a New Trade Unionism

Despite its radical discourse, labour was unable to alter the power structure to its favour during the period covered. Its vision of a progressive social-democratic society did not come close to be realized either. Subsequent failures to succeed through political action and pressures from the specialization of the international economy have influenced labour to seek gains through alternative forums.

In Chapter One, Panitch informed us that in this difficult environment, labour can adopt a more aggressive approach in its search for materialistic gains. One approach is the establishment of a wage-earner fund aimed at increasing the control of the sphere of accumulation through the use of funds to acquire majority ownership in industries. Another one is industrial democracy which can be achieved through a drive towards a greater control of the sphere of production. This latter response is intended to give more power to workers in the workplace through a partnership with business. In the case of Québec labour, it is possible to discern a comparable approach. Indeed, a few examples of this new thinking on the part of labour have taken place recently.

believed that, in putting its emphasis on the development of a highly skilled labour force, it could in the long-term result in the enhancement of its power in the workplace and could consequently create high wage jobs. A CSN's representative recently confirmed this new direction even characterizing it as *le nouveau souffle du syndicalisme Québécois*[291].

> *C'est donc prioritairement à partir de l'entreprise et de l'établissement que la CSN fonde un projet de transformation social dans l'intérêt des travailleuses et travailleurs, c'est-là que l'action syndicale tire sa légitimité et qu'elle est la plus efficace.*

Fernand Daoust of the president of the FTQ agrees:

> *I'm definitively in favour of dialogue, but let's start by testing it in the workplace, because we risk being taken unawares if the culture of dialogue does not penetrate enterprises*[292].

The shift to the tertiary sector has produced a greater dependence of Québec's economy on external markets, particularly American. This development, along with the increasing subcontracting of small and medium businesses, has incited labour to seek alternate sources of memberships. At the same time, since the fortune of these companies rests on specialized exports and a certain flexibility to adapt to change, it favours a certain collaboration between business and labour unions.

These new approaches means that labour is re-defining for itself a new role within Québec society. It also indicates that the old trade unionism that existed in the

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[291] Pierre Paquette, "De la nouvelle participation syndicale," *Le Devoir*, February 19, 1992, p. B9.

[292] Marie-Agnès Thellier, "Québec-style dialogue," *Forces*, No. 99, Bibliothèque nationale du Québec, September 1992, p. 67.

early 1970s has virtually disappeared and has been replaced by a new one. Two decades of failures to secure gains through the regular political arenas, the anticipation of the challenges of global interdependence and the consequent rise in unemployment and decline in real wages seem to have convinced labour to adopt a new brand of trade unionism. Québec labour unions have therefore sought to collaborate with business. This way, they believe they could secure existing jobs and could have some input in the elaboration of job training strategy which could potentially create high wage jobs in the longer term. But, this has come at a cost.

As the third chapter demonstrated, labour unions have abandoned, for the short-term at least, their commitment to full employment and accepted high unemployment. They have also embraced the notion of job quality over job quantity through job training. Labour unions have been seduced by the prospect of high wage jobs. Since its power resources have been diminished, labour concludes that it is in the workplace, that efforts ought to be made to achieve democracy for workers. Such an approach obviously means that labour must win the support of the new high value-added industries. It is thus clear that Québec labour is orienting itself toward a form of flexible specialization characterized by a labour aristocracy, more participation in the workplace, and better trained workers. This new attitude shows therefore a shift toward a new type of trade unionism that is more liberal in its outlook and that is consequently compatible with business goals to insure Québec economic competitiveness in the international economy.

This situation has also been helped by a certain openness of business on these

issues. Business realizes that it cannot, alone, achieve its goals. The development of a highly skilled labour force in a province where there is an important shortage requires collaboration. As well, this development also needs to take place in a relatively tranquil social environment. In other words, social peace is important in the pursuit of its plan. As a result, business now accepts the idea of co-operation with labour in order to improve the situation of employment. In an effort to show its seriousness and to get their support, the business community made some small compromises. It publicly announced its acceptance of the anti-scab legislation -- a law it has, until very recently, fought with vigour since its introduction by the PQ in 1977. Further, the presence of the CPQ to the Forum pour l'emploi in 1991 and the organization of the Rendez-vous under its leadership have displayed a willingness on the part of the Québec business community to take the role of leadership left vacant by the government. As well, these initiatives have demonstrated its desire to collaborate with labour. But again, although it believes that it is rather to business and labour to determine policy in economic matters, co-operation with labour has to be done without reducing the influence of business in the present capitalist structure. Therefore, although business has also been affected by the recent developments in the international economy, it has benefited from these same developments in its relationship with labour.

This new partnership obviously indicates that a major change of attitude has occurred. It does not means, however, that labour and business agree on everything. After all, there still exist numerous points of contention on matters such as taxation,

health and safety, and the redistribution of wealth. But, most importantly, a certain consensus appears to exist on the overall priorities needed to improve the province's position in the international economy.

This willingness on the part of labour to collaborate with business does not necessarily means that labour is abdicating or that it is acting weakly. It shows rather that Québec labour unions have, rightly or wrongly, agreed to play the capitalist game in accordance with business' rules. Although this approach could be interpreted by labour traditionalists as a sell-out, the successes of the FTQ's Fonds de solidarité have demonstrated that labour could make gains in having a more liberal orientation.

This willingness of both economic actors to collaborate cannot be attributed exclusively to the shift of labour. In fact, another element comes to strengthen the idea of partnership between labour and business. Although it is clear that some economic successes have developed since the beginning of the drive toward specialization, we have seen that these achievements have remained fragile and have even been threatened in recent years. The globalization of the economy has helped to put Québec's economy in a vulnerable state. Recalling Katzenstein, it would seem that the recognition of the vulnerability and fragility of Québec's economy in the international arena has acted as a powerful catalyst that has also led to collaboration between both groups.

As well, having recognized the increased dependence of Québec on its external markets, this situation has amplified the conviction that Québec must be able to

manage its dependence. This sense of crisis has exacerbated the instinct for survival as a nation common to Québec. After years of conflicts, business and labour groups have realized that they stood more chances to confront the challenges of globalization if they acted in a concerted way. Specialization for exports thus appears to have created close links across economic sectors. This new attitude has helped to create a partnership between business and labour. Most importantly, the combination of all these elements has produced a new brand of nationalism.

The Rise of a New Nationalism

Nationalism never dies in Québec. It only takes different forms according to the needs of the society and the times. Collective identity has always played a determinant role in Québec's history. After all, political units have not much chance of survival without a strong level of identification. It appears that, for some small nations, globalization has reinforced their sense of identity. As a Québec scholar well versed in the subject of nationalism recently wrote: *Plus on s'internationalise, plus la nation prend son sens. Plus le contexte national est présent, plus la conscience nationale est vive*[293]. Not surprisingly perhaps, another very important element that explains this rapprochement between labour and business in Québec is the rise, in recent years, of a new form of nationalism. This recent patriotism has different characteristics that makes it different from other forms of nationalism Québec has

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[293] Louis Balthazar, "Conscience nationale et contexte international," in L. Balthazar, G. Laforest & V. Lemieux (Eds.), *Le Québec et la restructuration du Canada 1980-1992: Enjeux et perspectives*, Sillery: Les éditions du Septentrion, 1991, p. 42.

known so far in its history.

The different constitutional events that have occurred in the post-referendum years, combined with the recession during the same period, have created a political vacuum. This vacuum marked before all the end of the technocratic political class which had dominated Québec's political landscape since the early years of the Quiet Revolution. In light of the recession, its approach based on Keynesian state-oriented policies had lost its prestige. As well, the rise of neo-liberalism in Great Britain and the United States has created a favourable ideological environment for entrepreneurial leadership. Québec new entrepreneurs, also called the *garde montante*, would take advantage of this opportunity and would fill this lack of leadership in Québec. With this new position of power, this class would inspire and define a new brand of nationalism in the face of globalization.

This new nationalism is quite different from the more traditional nationalism of the past. While traditional nationalism focus on internal conflicts between Québécois and English-Speaking Canadians about the status of francophones in Canadian society, the new nationalism is more market-oriented and international in its scope. In other words, contrary to traditional nationalism, the new nationalism is not a reaction to *les Anglais*, but rather a reaction to the developments in the international economy that have affected Québec's economy in the last decade. Business and labour have realized that they have a better chance to face the challenges of globalization if they do it in a concerted way. This new nationalism is before all influenced by economics. Among its most important characteristics, one finds: liberalism, anti-statism, and

internationalism.

Since the leadership of the new nationalism is assumed by the business class, economic liberalism is a major component. The position of leadership has enabled business to influence the definition of the new nationalism toward a more liberal form rather than a social one. Among these economic notions, the promotion of individual initiatives, free enterprise and market-driven change are prominent. It emphasizes as well efficiency more highly than equity. In terms of employment, it signifies that job quality is more acceptable than job quantity. This also means that high wage industries are encouraged and that a high level of unemployment is accepted.

In the new nationalism, the state has a passive role in the economy. Although business owes a lot to the state for its past successes and still does to a certain extent especially through the use of the Caisse de dépot, it prefers to downplay its role. The role of the government is consequently complementary to the objectives of business. As a result of the government playing more of a supporting role, economic bargaining tends towards bilateralism outside the political arena. In terms of input, unions are also subordinate to business but this input increases in times of crisis as the need to collaborate is felt.

This nationalism also values association with other states and international dialogue. That signifies that it is internationally oriented in terms of economics and that it is looking at the role Québec could play in the international economic order. This explains supports for arrangements such as the GATT and the Canada-U.S. Free Trade Agreement.

The element of crisis that appears to exist in the face of change is an important element that explains the development of this new nationalism. The present vulnerability of the Québec economy, mixed with its great dependence on external markets, has created a sense of insecurity among business and labour. Gains made during the past decades appear to be threatened and fears exist that, if the situation does not improve soon, Québec's competitiveness will continue to decline which could result in loss of its market shares. For labour, it could mean further job loss and less relative power. The liberal approach this new nationalism promotes appears to business and labour as the best route to ensure economic success for the future.

For all the reasons already outlined in this chapter, the four labour unions have accepted the terms of this new liberally-oriented nationalism. They believe, rightly or wrongly, that such an alliance could provide them with the materialistic short-term gains they are looking for. Among these gains, the populist aspects that were part of the labour movement in the late 1960s and early 1970s have disappeared. No longer is Québec labour concerned as much with the improvement of the situation of unskilled workers in the manufacturing sector. On the contrary, it now accepts the notion of job quality over the one of job quantity. Union leaders believe this strategy could result in high wage jobs and, perhaps, full employment in the long term and more power in the workplace. As well, by associating themselves with the new nationalism promoted by the business class, labour unions have also reduced greatly their chances to be an independent and powerful social force. These perceptions have therefore awakened and legitimized the type of nationalism described above.

As a result of the recognition of the vulnerable state of the Québec economy in the face of the challenges of globalization, a new nationalism has emerged in line with the discourse of coherent industrial strategy as practised by liberal corporatist countries. This form of nationalism appears to be solidly based in the Liberal Party. It seems to have solid support within the Parti Québécois as well. Jacques Parizeau and Bernard Landry have, since the mid-1980s, been openly in favour of this approach to economic policy. Therefore, collaboration has also been influenced by economic changes that threaten the economic state of the province.

This new nationalism, however, confronts an obvious political reality. By seeking to manage its dependence on external markets, it automatically carries the debate into the constitutional arena. Indeed, business and labour groups believe that the federal structures have become incompatible with their strategy to compete in the global economy. Therefore, they demand an important devolution of economic powers to Québec.

Critique of the Federal System

The constitutional discourse of both business and labour groups has also evolved with the changes in the international economy. As a result, the constitutional aspect of the question is tied or complementary to the desire of the economic agents to adapt to the recent changes in the international economy. Indeed, these two groups have come to believe that their economic regime was not only more responsive to their needs, but constituted a more efficient avenue to join in the new international

economic order. Jean Campeau, former Bélanger-Campeau co-chairman and respected Québec businessman, summarizes this feeling:

> *There's a tendency toward decentralization, which brings decisions closer to the operation level, where they really count. In a constitutional context, this translates into the need to bring significant powers back to Quebec, first of all at the level of the provincial government, and then to the municipalities and other local bodies--closer to the daily problems and the daily issues*[294].

Campeau goes further by explaining the institutional incompatibility of the present system to address Québec's economic problems:

> *A tool box can't be shared. Those who have done a little carpentry or mechanical work understand. In effect, if you want to collaborate, to work side by side, it is completely unproductive to be sharing the tools*[295].

There is also a sense among those new nationalists that the present federal structures are inadequate to confront the new challenges of the international economy. Alain Dubuc, Chief Editorialist for the newspaper *La Presse* explains:

> *No longer is Canada considered to be a threat; rather it is felt to be an ossified country burden with rigid and unwieldy institutions, a country vainly seeking its identity and unable, except with extreme difficulty, to adapt to new realities...In the end, their fear is not that Canada will crush them, but rather that Canada will smother them or lead them headlong into the abyss*[296].

According to their views, the problem is not only conjunctural but also institutional.

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[294] Jean Campeau, "The Quiet Transition: Quebec has all it needs," *Ottawa Citizen*, August 4, 1992, p. A7.

[295] Jean Campeau, quoted in the *Globe and Mail*, May 21, 1992, p. B3.

[296] Alain Dubuc, "A new, confident nationalism guides Québécois," *Ottawa Citizen*, August 4, 1992, p. A13.

The nature of Canadian federalism appears to produce an uncoordinated and competitive environment that prevents efficient and coherent economic policy formulation.

Job training is in the middle of a multitude of programs operated by the two levels of governments; programs which overlap each other and are contradictory. Indeed, job training falls into both the federal jurisdiction of unemployment insurance and the provincial jurisdiction of social assistance. Moreover, while the financial resources are in Ottawa's hands, *resources*, such as education, are provincial. Further, years of poor performances have demonstrated that money alone was not the solution since Ottawa's policies failed miserably in the field[297].

The *passive* approach of the government in labour market policy is also rejected. Although the federal government has sufficient money for job training, particularly since it has recuperated a portion of the funds of the unemployment-insurance, it has never spent that money in a coherent way[298]. Instead, the Federal government continues to spend most of its money on unemployment insurance. An active labour market policy would put the emphasis on training the labour force so workers could join other growth sectors of the economy.

As a result, the present federal structures and policies are perceived by labour and business leaders as a straitjacket preventing Québec from developing its labour

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[297] Diane Bellemare and Lise Poulin-Simon, *Le défi du plein emploi: un nouveau regard économique*, Montréal: Éditions Saint-Martin, 1986, pp. 155-189.

[298] *Ibid.*

market so it can manage its economic dependence brought on by the new era of economic interdependence. Québec, they argue, if it wants to survive economically in these new times, cannot afford to continue year after year to fight Ottawa on the division of powers, while its level of productivity is declining and a high proportion of its human resources is unused because of a high level of jobless.

Québec leaders are not the only one which have recognized the problems that exist institutionally within the Canadian state. Atkinson and Coleman in a recent book agree that anticipatory economic policies could be difficult to achieve within the structures of the Canadian state:

> *The fragmented nature of the economic bureaucracy and the broad diffusion of political power place severe limits on the possibility of a national capitalist response to industrial policy dilemmas..Achieving consensus is made even more difficult because it exists very few organizational linkages between unions and business on the one hand, and the parties of labour and the bourgeoisie on the other*[299].

These inadequacies demonstrate that Canada does not have the structures, neither does it have the experience or a corporatist tradition. This *broad diffusion of political power* places considerable constraints on the ability of Canada to pursue anticipatory industrial policies. Therefore, the type of liberal corporatist project defended by business and labour in Québec would be difficult to achieve at the Canadian level.

Faced with an economy in decline, business and labour agree that employment is an essential condition for the improvement of Québec's economy. It soon became

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[299] Michael M. Atkinson & William D. Coleman, *The State, Business, and Industrial Change in Canada*, Toronto: University of Toronto Press, 1989, p. 70.

apparent that any industrial strategy had to be co-ordinated around a strategy of development of human capital. This signifies, not only the elimination of federal interferences in provincial jurisdictions related to the employment field, but also that Québec should get exclusive control over the area, particularly over job training, unemployment insurance, immigration and regional development. As a result of having all the necessary powers in employment matters, it is agreed that the province could develop further its human capital and industrial base on more solid ground. It is hoped that it will solve in the long term, the province's paradox of having high unemployment and a shortage of highly skilled labour. Then, having the necessary economic levers, Québec could put the emphasis on the development of a highly skilled labour force which, in turn, could be used in the production of high value-added goods. These specialized products could be exported in specific economic niches and that knowhow could result in higher investments and higher wages for workers. Therefore, powers in this area would make the province more able to manage its dependence on external markets as well as being more capable to face the new challenges brought about by the era of global interdependence.

These points demonstrate well why these elites claim that if they are to manage Québec's state of economic dependence on its external markets, they cannot share the tool-box with Ottawa. They also explain the reasons why both groups demand a net transfer of powers related to the field of employment to the province. A devolution of economic powers could facilitate the set-up of this variant of the liberal corporatist model; a model that is characterized by the development of a highly skilled labour

force, an efficient economy concentrated on high value-added sectors, co-operative relations between economic agents and industries, and a high level of unemployment.

It now appears clears that due to historical reasons, numerous political defeats experienced in the last two decades, and pressures of the global economy, labour unions have shifted their attitude from confrontation to collaboration. Having accepted the terms of this liberal corporatist economic project and its discourse of job quality over job quantity, it appears clear that Québec labour unions have shifted toward a more liberal version of trade unionism. At the same time, the vulnerability of Québec's economy in face of change and its high level of dependence on external markets have contributed to the rise of a new nationalism. The element of crisis these developments have created has made business and labour leaders realize that they have a better chance to confront these challenges if they do so in a concerted way.

This chapter has strongly demonstrated the significance of the international economy as an important variable. By doing so we do not suggest that domestic considerations had no role to play. On the contrary, the domestic situation of labour particularly has contributed to prepare the ground for the rapprochement. Changes in the global economy have amplified the degrees of vulnerability and dependence of Québec's economy and have, in turn, strongly influenced the collaborative mood between business and labour in Québec and their subsequent responses. Therefore, domestic and external factors are interrelated and have contributed, in various degree, to develop the rapprochement between business and labour.

The nature of the *rapprochement* explained in this chapter is different from those offered by the scholars studied. This chapter has clearly shown that Milner is far too enthusiastic in his assessment of the 1989 Forum pour l'emploi. We have seen that business and labour discussions have not resulted in a consensus on full employment. On the contrary, high unemployment has become acceptable to labour unions who have put their efforts on a labour training strategy that could create highly skilled jobs. Milner identifies correctly, however, a link between the developments in the labour market and the constitution. Still, his analysis does not adequately explain the causes that have led to this development. Ultimately, the main problem with Milner's argument is his failure to recognize the international economy as a possible variable.

Noël deals with some aspects of the pressures of the international economy in Québec but concludes that three visions are still competing against one another: the neo-liberal vision as sought by business groups, the full employment vision as embraced by labour unions, and a German-style neo-corporatist vision promoted by the main political parties. According to him, although all groups may agree on vague principles such as the fight against unemployment, he maintains that they disagree on the important matters of implementation and the pursuit of these goals. In the end, he expresses the possibility that Québec could move toward a variant of the German model. But it is beyond the scope of his paper to elaborate further on the possible causes of this potential development.

Others, such as Piotte and Lipsig-Mummé, argue that Québec labour has indeed shifted its behaviour from a confrontational to a collaborative one. They attribute this

development exclusively to internal causes. As such, they overlook any possibility of the impact of the globalization of the international economy on the shift of labour in Québec.

This chapter has demonstrated the relevance of explaining the recent changes within Québec as the consequence of the pressures brought about by globalization. By doing so, we do not suggest that internal developments have been without consequences nor do we reject outright most of the ideas put forward by the authors mentioned. We have rather highlighted the fact that, although there are several different approaches and explanations offered for the current state of Québec's economy, most do not address adequately the relevance of the international economy and the pressures brought on by it especially for labour.

CONCLUSION: Prospects for the Québec of the 1990s

The recent developments that have occurred within the international economy have amplified the pressures put on the major groups responsible for economic development within Québec society. The crisis has particularly altered the behaviour of labour. This situation has influenced Québec labour into adopting a more liberal version of trade unionism. Faced with job loss and high unemployment, labour has considerably moderated its discourse. This sudden shift has produced a type of rapprochement between labour and business. Consequently, a re-alignment of forces has occurred during the latter part of the period studied which prompts us to suggest that a *rapprochement* has developed between labour and business on ways to respond

to the changes brought about by globalization.

The domestic battles Québec's labour unions have lost in the last 20 years cannot be said to be the only reason behind their recent shift towards the liberal corporatist discourse. In fact, historical reasons as well as their precarious position resulting from the vulnerability of Québec's situation within the international economy are also important in explaining the current situation.

The thesis has attempted to demonstrate that, although in the rhetoric labour unions are the uncontested defenders of full employment, their recent actions during the Forum pour l'emploi and the Rendez-vous économique, at the end of 1991, indicate that this ideal has been abandoned. Instead, labour unions seek to secure existing jobs and to have some input in the elaboration of job training strategy which could potentially create high wage jobs. It is therefore obvious that the Québec labour unions have changed their overall attitude.

Business, for its part, has not changed its discourse very much. It believes that a highly skilled labour force is the key to a long term competitive advantage. It also accepts the idea of co-operative relations with labour unions. But, at the same time, business opposes full employment. It prefers talking about the *improvement of the employment situation in the province.*

After years of bitter conflicts, business and labour have realized that they have a better chance to confront the new challenges of the international economy by facing them in a concerted way. Thus, as a result of the vulnerability of Québec's economy, a *rapprochement* has emerged in line with the discourse of coherent industrial strategy

as practised by liberal corporatist countries such as Switzerland, Belgium and, to an extent, Germany.

Important also is the privileged position of business in Québec. The new developments in the international economy has also put business in an advantageous position since the Keynesian approach has lost some of its prestige in the province. This situation has enabled business to take a position of leadership and to influence the terms of the *rapprochement* toward a more liberal form rather than a social one. A variant of liberal corporatism has then emerged which has in turn brought about the appearance of a consensus between business and labour. This new reality, not exclusively domestic considerations unique to Québec as some have argued, is primarily responsible for the rapprochement in Québec. The collaboration in both the economic and constitutional arena are therefore reactions to those developments in the international economy.

Consensus alone does not, however, guarantee success. First, regarding constitutional matters, as there are still many undetermined variables, a united front within Québec does not ensure a devolution of powers. Second, the development of a highly skilled labour force faces some formidable obstacles. It is a culture of unemployment and poverty that has been perpetuating itself in Québec. When the issue of job training is put forward, one has to think of the important number of school dropouts who abandon before finishing their high school degree[300]. Despite efforts in

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[300] *Le Devoir*, "La politique du décrochage," Editorial, December 14, 1991, p. A10; Isabelle Paré, "Les naufragés de l'université," *Le Devoir*, November 7, 1991, p. B1.

the last 25 years to make education accessible to Quebecers, francophones are among the least educated in the province[301]. Third, this small state approach could prove to be difficult to practice in the North American economic environment. Indeed, such a *beggar-thy-neighbour* solution will depend on the good will of Québec's main trading partner, the United States. Also, Québec's exports are concentrated in American north eastern states that are themselves faced with some of the same marginalization problems Québec is facing due to a shift westward of economic activity. Most importantly, the U.S. has placed an even lower priority on employment and social goals. Québec, being within the American economic pole, may be constrained from charting a different course.

Such an economic project could also signify, at least for the short-term, not only an abandonment of full employment, but possibly the acceptance of *Brazilianization*[302], where mass unemployment and increasing marginalization of a large portion of the population occur. There is little doubt that such a plan is based on the long-term and that unskilled and some semi-skilled workers will not fit in the scheme in the short-term. In a speech in the fall of 1991, Gérald Tremblay told Québec workers what to expect in the coming decade:

> *The creation of permanent, high-quality jobs depends on the formation and development of business activities based on value added. Estimates indicate that 80% of the jobs created over the next decade will be*

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[301] Gouvernement du Québec. *Indicateurs de la situation linguistique au Québec*. Conseil de la langue française, Québec: Bibliothèque nationale du Québec, 1991.

[302] Göran Therborn, *Why Some Peoples Are More Unemployed Than Others: The Strange Paradox of Growth and Unemployment*, London, 1986.

> *concentrated in the value-added key sectors and areas of excellence we have identified at the Ministère de l'industrie, du commerce et de la technologie. Almost two thirds of these jobs will require at least twelve years of schooling, and 40% will even demand 16 years*[303].

Tremblay also warned that a transition to a valued-added economy will not be easy for everybody:

> *Of course, these changes won't be painless. The inevitable rationalizations in many industrial sectors will produce losers as well as winners. Let's be realistic, the transition from a mass production economy to a valued-added economy cannot take place without lay-offs and plant closures. But the transition can be planned, manpower can be retrained, and early retirement offered*[304].

It seems apparent that there is a dangerous potential for the creation of a Québec labour market *à deux vitesses* in the long-term. This situation would produce two types of workers, the severely disadvantaged low skilled and the advantaged highly skilled[305].

Labour in Québec finds itself in the same situation as labour in most Western capitalist democracies. As Gourevitch points out, labour, is now fighting a defensive battle, seeking to preserve the wages, benefits, and institutionalization of power won in

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[303] Gérald Tremblay, "An Economy in a State of Emergency," speech given before the Convention of the Professional Corporation of Industrial Relations Counsellor of Québec, Montréal, September 10, 1991, p. 4.

[304] *Ibid.*, p. 9.

[305] Interestingly, PQ leader Jacques Parizeau noticed this trend a few years ago: *Après des dixaines d'années, la société québécoise est en train de se casser en deux...Qu'un grand nombre de Québécois vivent mieux, c'est excellent...mais...en fait, il y a à peu près 20% de la population qui a été depassée de tout cela, qui n'arrive pas à rattraper...qui a l'impression d'avoir tombé dans un grand trou noir...et on ne peut pas simplement dire on vous donnera assez d'argent pour que vous ne critiquiez pas trop.* Interview on *Le Magazine Économique*, 24 Sept. 1988. Quoted in Richard Keswick, *Jacques Parizeau: New Strategies for Quebec*. Unpublished Honours thesis, University of Alberta, Fall 1989, p. 51.

earlier conflicts[306]. In turn, it has prompted labour to reconsider its strategies in face of economi change. In Québec, the result of these factors has been a rapprochement on the part of labour toward the business discourse.

Still, we must also remember that consensuses are always fragile and are often put into question each time change occurs. But, for now at least, a type of consensus on the great priorities is apparent. This is best explained by an appreciation of the vulnerability of Québec's economy in the face of new realities and its economic dependence on external markets. The economic strategy aimed at *improving the employment situation* through job training and the consensus on the importance of a constitutional devolution of economic powers are both responses to pressures imposed on Québec by its own dependence on the international economy. Consequently, the globalization of markets has not eliminated the legitimacy of the aspirations of Québec to manage and master its own economic dependence. In fact, this development has contributed to amplify the survival instinct that has always inhabited the Québec psyche.

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[306] P. Gourevitch, *Politics in Hard Times...*, p. 184.

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